

**MINUTES OF THE 105th MEETING OF THE
SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

HELD ON 23 JULY 2009

ALIAS SEATTLE HOTEL, BRIGHTON MARINA

Present:

Jim Brathwaite (Chair)
Keith Riley
Dolores Byrne
Pamela Charwood
Imtiaz Farookhi

Bob Goldfield
Keith Mitchell (items 1-6)
Peter Jones
Phil Wood

In attendance:

Pam Alexander
Robert Crawford
Oona Muirhead
Paul Lovejoy
Jeff Alexander

[REDACTED] (minutes)
[REDACTED]
[REDACTED]
[REDACTED] (items 4, 5, 6)
[REDACTED] (items 5, 6)
[REDACTED] (item 8)
[REDACTED] (item 8)
[REDACTED] (items 11, 12)

Guests:

[REDACTED] (GOSE)
[REDACTED] (Network Rail) (items 5, 6)

Item 1 Welcome and apologies for absence

- 1 Apologies were received from Les Dawson, Alex Pratt, Zenna Atkins, Bill Wakeham, Sue John, Jeremy Birch and Lee Amor.

Item 2 Declarations of Interest

- 2 In respect of item 10, Peter Jones as a former Director and Chairman of Rye Partnership Ltd.
In respect of items 7 and 8, Dolores Byrne as Managing Director of Innovation in QinetiQ, who are the lead contractor for the SEEDA funded HealthMap project.

Item 3 Minutes of the Last Meeting

- 3 The minutes of the June Board Meeting were approved as a correct record of proceedings, with the clarification that Imtiaz Farookhi had attended.

Action Points

- 4 Paul Lovejoy clarified for the Board that named alternatives would be acceptable for the SEEDA Board Members for the Partnership Board, Strategy Board and three Delivery Boards. In the case of the Partnership Board alternatives would need to be non Local Authority Board members.
- 5 ██████████ assured the Board that SEEDA's input into the success of London Array would be promoted to the media since restrictions on publicity in the lead up to the June elections had prevented action around the time of the London Array announcement. However, it is now expected that turbines will be constructed and shipped from Europe rather than via Ramsgate, making SEEDA's offer to support harbour improvements unnecessary.

Matters Arising

- 6 Pam Alexander updated the Board on the progress of the selection process for the Fit for the Future programme. Oona Muirhead had been appointed as Group Executive Director of Strategy and Support; Robert Crawford was appointed as Group Executive Director of Operations and ██████████ was selected as Executive Director for Business Programmes. These changes will take effect from November 2009. The Board congratulated them and expressed confidence in the new arrangements.

Items for Discussion

Item 4 Sussex Area team Update

- 7 The Board considered and discussed issues captured at the Board dinner discussions. The outcomes of the discussions and issues raised included the barriers to growth and difficulties that Brighton and Shoreham area is facing at the moment.
- 8 The Chairman introduced the item following the dinner the previous evening and ██████████ the Area Director for Sussex, gave a presentation updating the Board on the opportunities and challenges for economic development which exist in the areas of the Gatwick Diamond and the Brighton & Hove Diamond, identified as two of the eight Diamonds for Investment and Growth in the Regional Economic Strategy. SEEDA is committed to the South East Diamonds for Investment and Growth as the right focus for driving sustainable economic growth in the South East. The potential of the Diamonds will be central in helping the region recover from the current economic downturn.

- 9 The Board discussed Gatwick Diamond, where there are a number of opportunities that will support economic growth. SEEDA is focusing on developing areas such as innovation and enterprise, inward investment and connectivity. The Gatwick Diamond is a recognised brand which should be marketed for inward investments.
- 10 Bob Goldfield sought clarification as to SEEDA's position on a second runway at Gatwick and it was confirmed that SEEDA is in favour of this development. The Board discussed the need for investment in Gatwick Airport and concerns around the current uncertainty about the forthcoming sale of Gatwick Airport to another operator.
- 11 The Manor Royal Business Park in Crawley has been affected by the current economic situation with businesses closing and buildings becoming vacant. On the other hand Thales Group consolidated its six sites and moved to Crawley, one of the major employers based in the area. Paul Lovejoy reported that Crawley recorded the fastest percentage increase in unemployment in the early stages of recession.
- 12 In contrast to the well supported and distinct Gatwick Diamond, the area for the Brighton & Hove Diamond has yet to be clearly defined. The coastal strip between Worthing and Newhaven had been identified as a priority area for sustainable economic growth. The area is constricted to the south and north due to the English Channel on one side and the South Downs including Areas of Outstanding Natural Beauty on the other. The issues surrounding Brighton's potential to become a future "Supercity" by expanding into high growth markets from a sound base were also discussed.
- 13 The Board discussed the challenges and opportunities facing Shoreham, an area with Growth Point status and the potential to make significant impact on economic growth in the wider Sussex Coastal area. SEEDA will continue its involvement in the Shoreham Harbour project by continuing to provide expert advice and working closely with partners to achieve the potential benefits for a Sussex Coastal Diamond.
- 14 Peter Jones spoke about the Hastings Bank offshore wind development, which could potentially become the biggest investment in the area for 20 years. Opportunities present themselves for the harbour as well as high tech manufacturing and distribution sectors, across the Hastings to Shoreham coastal strip, which could lead a rise in both direct and indirect employment. SEEDA should promote local supply chains. Oona Muirhead informed the Board that a decision on the preferred bidder for the Hastings Bank development will be made at the end of the year.
- 15 Keith Riley and Phil Wood pointed to potential links between Newhaven and Shoreham. The geography lends itself to distributed energy. The area has the reputation for high priced housing, yet good quality, affordable housing can be found just outside Brighton, in areas such as Peacehaven.

- 16 The Board discussed the lack of high quality business parks in the Brighton and the wider coastal strip. At Shoreham Airport at present any expansion plans are constrained. Graduates from the two Universities, Brighton and Sussex, tend to stay in the area but are often employed in low level jobs. A considerable skills pool is not utilised as the area does not offer the appropriate employment opportunities and high value employment space. The area needs high value investors to increase graduate employment.
- 17 The Board noted the contrast and differences in the momentum of economic development between the areas of the Gatwick Diamond and the Brighton & Hove Diamond.
- 18 [REDACTED] related this to the Partnership for Urban South Hampshire where a Multi Area Agreement was a mechanism to create a vision and bring people together. This solution could be considered for the Brighton & Hove Diamond.

Item 5 South East England Partnership Board

- 19 [REDACTED] presented the paper which provided briefing and advice to be Board Members prior to the inaugural meeting of the Regional Partnership Board on 24th July. Tim described the main items for consideration which will feature during the meeting and re-stated that all the Boards will operate by consensus.
- 20 The Board **CONSIDERED** the items on the agenda for the South East England Partnership Board meeting on 24th July, and **AGREED** the advice to SEEDA's representatives.

Item 6 Network Rail

- 21 The Chairman welcomed [REDACTED] Principal Route Planner from Network Rail who made a presentation to the Board about Network Rail's work in the region, how it supports the work of SEEDA and the delivery of sustainable economic development. Making the most of the rail network, and making improvements to it is vital for delivering the Regional Economic Strategy. The areas covered in the presentation included an overview of Network Rail's role; the current programme of network improvements; Network Rail's longer term aspirations for further network improvements and the ways in which Network Rail's plans help to deliver SEEDA's key objectives. The role of Network Rail is to lead the industry in planning the future requirements of the rail industry. [REDACTED] spoke about the 5 Year Control Period settlements which consist of Control Period 4 (April 2009 to March 2014) during which the High Level Output Specification requirements set out by the Department For Transport are delivered (in conjunction with Train Operating Companies and the Department For Transport). During the Control Period 5 (April 2014 to March 2019) the Options document and Initial Strategic Business Plan will be published and Department for Transport's High Level Output Specifications and Planning

Ahead document will be issued. Network Rail are engaging in priority projects to increase capacity. The Board were updated on Network Rail's longer term issues and long term vision.

- 22 Network Rail is working with the rest of the rail industry in developing Route Utilisation Strategies which identify areas of anticipated change in passenger demand and in particular where capacity needs to be increased in the short to medium term. The Chairman enquired about the relationship of Network Rail's Route Utilisation Strategies plans to the Regional Economic Strategy and South East Plan, and how well they translated into the Network Rail plans. Paul explained that the Route Utilisation Strategies do aim to assist in the implementation of the region's strategies, and that the consultation process is an essential way of ensuring that this is the case. He also explained that the transport modelling which Network Rail use to inform the Route Utilisation Strategies's uses standard forecasts of future demand and so does not take account of the impact of these strategies. This is why both the consultation process and his own involvement in the Regional Transport Board are essential in ensuring the two are joined up.
- 23 [REDACTED] spoke about Heathrow Airtrack, the proposed new rail link between Heathrow and the existing rail network to the south and west. He mentioned that the route to London is the most difficult to manage.
- 24 [REDACTED] advised the Board that BAA planned to submit an application under the Transport and Works Act to construct the Airtrack scheme on 24th July. BAA were meeting the costs of the application.
- 25 The Board **NOTED** the presentation provided by [REDACTED] Principal Route Planner from Network Rail.

Item 7 Corporate Re - Plan

- 26 Paul Lovejoy introduced the final version of the revised Corporate Plan 2009-11 which will be submitted to Ministers in Department for Business, Innovation & Skills.
- 27 The implications for each of the programmes in the Corporate Plan have been set out in the table presented to the Board in the paper submitted, and the communications strategy has been prepared by [REDACTED]
- 28 The Board **NOTED** the submission of the final version of the Corporate Plan Refresh document to Ministers.

Item 8 Major Projects and Programmes

Item 8a Business Link

- 29 Jeff Alexander introduced [REDACTED] and [REDACTED] who jointly gave a presentation on the re-tendering of the regional Business Link,

outlining the specifications and Official Journal of the European Union (OJEU) process to date, concluding with the reasons for recommending the preferred supplier, SERCO, for the service from April 2010. The preferred supplier will provide a single and seamless Business Link service underpinned by innovation and knowledge management, offering an excellent partnership strategy. It was scored top by the formal Evaluation Panel, the Advisory Panel and by the Project Board Panel.

- 30 The preferred supplier's vision is to serve the South East by: working with partners to secure global recognition as the best place to invest in Europe, delivering sustainable prosperity and a great return on national investment; serving businesses by stimulating a knowledge base, business culture and infrastructure that ensures the UK's best rates of business start up and survival and serving the people in the South East by ensuring the region is a great place to live, work and start a business; attracting the worlds most talented people. The service will support entrepreneurs; support business survival; increase enterprise in under-represented and priority groups. It will support sustainable business growth and innovation and a more sophisticated and skilled workforce; providing an agile operation which responds quickly and flexibly to external drivers and the needs of businesses.
- 31 The preferred supplier has clearly demonstrated how it will meet and exceed the specification requirements for the service and deliver both efficiencies and service improvements for SEEDA. In terms of outputs and Key Performance Indicators the preferred supplier's proposal set out penetration target to increase by 7.5% (215,000); intensive assistance by 20% (24,000) and maintain customer satisfaction at 90% during transition, increasing to a minimum 91% in year 3. Services offered by the preferred supplier in different parts of the UK allow the company to build on their experience and knowledge and improve their offer providing a solution tailored to the outlined specifications and for the South East.
- 32 [REDACTED] explained to the Board the mechanism behind the preferred supplier's selection process and the end scores which were the result of a detailed assessment process. The preferred supplier at each point of the evaluation process was deemed to offer the best proposal for meeting SEEDA's requirements. Oona Muirhead spoke about the preferred supplier offering different levels of local adaptability and best ways of dealing with different nature of businesses across the region.
- 33 The Chairman reported on the advice to the Board from Alex Pratt, who chaired the Business Advisory Panel, endorsing the preferred supplier.
- 34 Keith Riley asked to review the grant agreement between SEEDA and the preferred supplier before it was finalised.
- 35 The Board discussed the implications of the Transfer of Undertakings (Protection of Employment) regulations. Attributable Reserves will be used to cover the cost of staff liabilities and redundancies should they be required.

- 36 The Board noted that SERCO was the provider of other Business Link contracts (Peninsular Enterprise in the South West and Business Link London). The Board were assured that this will be monitored and that this is also perceived as an opportunity for SEEDA to work closely with other RDAs and with the Department of Business, Innovation and Skills to drive performance and meet the needs of businesses and policy.
- 37 Imtiaz Farookhi endorsed the recommendation and suggested that in future more information and feedback from Business Link would be useful. [REDACTED] [REDACTED] advised that with the implementation of the Regional Customer Relationship and Management Information System, any data collected is owned by SEEDA, and it is available for use and analysis, which had not been the case with the previous suppliers in the past.
- 38 The Board was concerned that disappointed applicants should be handled sensitively. Issues of confidentiality and legal implications were discussed. Managing the transition process will be challenging but the Board were informed that the preferred supplier has a good track record of managing transition processes.
- 39 The Board **NOTED** the appraisal of the new specification and single contract model and the robust procurement process and evaluation of tenders. The Board **ENDORSED** the Business Link Project Board's recommendation to notify the preferred supplier with immediate effect and commence the formal Alcatel (standstill) period and **APPROVED**, subject to final negotiations once the Alcatel has ended, the contract award up to the value of £81,979,000 over three years.

Action: *Item 8a – Major Projects and Programmes, Business Link*

Jeff Alexander to submit a copy of the grant agreement, between SEEDA and the preferred supplier, to Keith Riley for review and input.

Action: *Item 8a – Major Projects and Programmes, Business Link*

Jeff Alexander to include in the risk register the need to monitor the impact on services across the South of England of a single supplier.

Item 8b Offshore Wind Technology Grant – Vestas R&D Facility, Isle of Wight

- 40 Oona Muirhead presented the item and sought SEEDA Board's approval of the recommendation for grant funding to match fund an anticipated Government grant in order to secure Vestas investment of £79m in an £89m global Research and Development facility on the Isle of Wight. Vestas intend to invest in the research, development and testing of the

'next-generation' offshore wind turbine blades. Should the development proceed as planned, the current 120-strong workforce from Vestas Research and Development built up over the past 12 months will form the initial core staff, with potentially up to some 300 further jobs envisaged by 2012. SEEDA has assembled a waterside site that is suitable for a major employer such as the Vestas Research and Development facility at West Medina Mills on the Isle of Wight. SEEDA expenditure will secure Vestas' investment in a new hi-tech Research and Development and low-volume prototype advanced manufacturing facility that might otherwise be located outside the UK. Vestas would enter into a main gate procurement contract for the building of the Research and Development Centre around the end of September.

- 41 Keith Riley reported that the Major Projects Committee had endorsed the Offshore Wind Technology Grant for Vestas Research and Development. Dolores Byrne endorsed this proposal and sought clarification regarding the closure of the existing Vestas manufacturing plant and whether this would be suitable for manufacture of smaller blades for the on-shore market. Oona Muirhead explained that the current site built blades for the US on-shore market; and that all possible opportunities for re-use would be considered, although Vestas had made clear they wished to use the current site at St Cross (which they own) for the manufacturing of prototype blades from January 2010.
- 42 SEEDA Board **APPROVED** the recommended grant.

Item 8c West Medina Mills Additional Expenditure

- 43 Keith Riley reported that the Major Projects Committee endorsed the Chief Executive's decision to approve an investment of £2.36m, which will enable the relocation of two existing businesses from West Medina Mills and facilitate the comprehensive redevelopment of the site.

Item 9 Economic Conditions and SEEDA's Response

- 44 Paul Lovejoy presented to the Board the monthly economy figures represented in the form of a dashboard. The Board welcomed the dashboard format.
- 45 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 10 Feedback from Board Committees

- 46 Phil Wood informed the Board that good progress has been made during 2008/09 in reducing the number of retrospective purchase orders. Peter Jones spoke about the Rye Partnership which had received £1.6m from

SEEDA under the Single Regeneration Budget programme and £160,000 from SEEDA under the Market Towns programme. Problems had stemmed from lack of capacity in a small district authority and this demonstrated the need for close scrutiny of funds given to delivery organisations. Pamela Charwood added that the current arrangements were being checked to test the robustness of current partnerships.

- 47 With the forthcoming release of both SEEDA's internal auditors it will be necessary to obtain internal audit service provision from another source. [REDACTED] will present options to Executive Board and Audit Committee.
- 48 The Board **NOTED** the Annual Report on the activities of the Audit Committee 2008/09.

Action: *Item 10 – Feedback from Board Committees*

[REDACTED] to make proposals regarding provision of internal audit services to the Audit Committee.

Item 10b Regional Transport Board

- 49 Keith Riley endorsed the papers provided to the Board by [REDACTED] and reported to the Board that the priority list of areas for study has been submitted to the Department for Transport as the region's recommendations.
- 50 The Board **NOTED** the feedback from the Regional Transport Board.

Item 11 Financial and Operational review

- 51 Robert Crawford informed the Board that the spend against profile in the first quarter has fallen behind by £5m and action will be taken to ensure full use of available budget. The achievement of N+2 targets for European Regional Development Fund Competitiveness funds is now in part dependent on Communities and Local Government approval of the proposed regional loan funds.
- 52 The Board **NOTED** the Financial and Operational Report for June 2009.

Risk Register

- 53 Imtiaz Farookhi enquired about swine flu not featuring on the risk register and was reassured by Robert Crawford that SEEDA has business continuity plans in place. Peter Jones added that emergency plans at local authority level have also been prepared.

- 54 The Risk Register has been updated following the discussion had during the May Board Meeting, where the Board considered the first version of the 2009-10 Corporate Risk Register.
- 55 [REDACTED] informed the Board that over half of the individual team level Risk Registers indicate that workload is increasing and delivery consequently is being put at risk, as a result of the current changes. In order to mitigate this, mission critical activities to be delivered will be identified, so that progress towards delivery can be tracked.
- 56 The Board **NOTED** the Corporate Risk Register.

Item 12 Projects

- 57 The Board **NOTED** the list of projects.

Major Project Committee Minutes

- 58 Imtiaz Farookhi endorsed the extension of the Knowledge Network Partnerships.
- 59 The tabled minutes of the 18 June 2009 Major Project Committee meeting were accepted as a correct record.

Item 13 Chairman's Report

- 60 The Chairman reported on the Wilton Park Libya conference, during which Libya's role in the world and its relations with Europe and the USA were discussed.
- 61 The Chairman also reported on his visit to Libya to launch the new offices of the South East Centre for the Built Environment, the sector consortium.
- 62 The Chairman reported on his handover to Rob Douglas during September and October prior to Rob taking up his role as SEEDA Chair in November 2009.
- 63 The Board **NOTED** the Chairman's report.

Item 14 Agency Report

- 64 Pam Alexander spoke about the danger of further raids to the RDAs' budgets which currently are being resisted by Department for Business and Skills.
- 65 Pam Alexander and Jim Brathwaite had attended a reception addressed enthusiastically by Shahid Malik, Thames Gateway Minister. The Thames

Gateway funding had been very substantially reduced and the coherence of the Economic Development Investment Plan led by the RDAs was now under threat.

- 66 The Board were informed that RDAs have been encouraged by the Department for Business and Skills to come up with more ideas in order to support the New Industry New Jobs programme and have set up Sector Task and Finish Groups to define these.
- 67 Pam Alexander reported on her meeting with Lord Sugar to discuss the Women's Enterprise Task Force.
- 68 The difficulties of Countryside Maritime Ltd on St. Mary's Island at Chatham Maritime, where no building and construction work is taking place at the moment, were those of the housing sector in general.
- 69 Pam Alexander reported on her meeting with Colin Matthews, Chief Executive of BAA to talk about operational issues at Heathrow and SEEDA's 'Heathrow Airport and Airline industry' action plan as reported to the Board in March 2009. Pam also reported on a meeting with Baroness Jo Valentine, Chief Executive of London First to discuss the development of Heathrow and Gatwick Airports. Pam mentioned that she had hosted a very informative dinner with Confederation of British Industry members to discuss their views about the importance of Heathrow to businesses in the Thames Valley.
- 70 The Board were also informed that Hastings College was progressing to budget and in the timescales set out at the beginning of the project.
- 71 The Board **NOTED** the Agency Activity Report for June and July which represented a cross section of reports from within SEEDA organised according to the themes of SEEDA's Corporate Plan 2008-11.

Action: *Item 14 Agency Report*

Oona Muirhead to bring the issues on the regional low carbon building retrofitting fund and European Investment Bank to a future Board meeting.

Fit For the Future

- 72 Robert Crawford reported that the Fit for the Future Programme is progressing well and is on schedule with the selection process for the Executive Directors completed.
- 73 Following the success of the Voluntary Early Release Scheme the formal 90-day consultation was launched on 15th July. Three staff briefing sessions were held in Guildford, Chatham and Hastings. A total of 132 staff have been placed 'at risk', including those in the physical

development team, plus 17 identified in roles as Suitable Alternative, 54 as Slotted, and 62 as No Change. 105 vacancies have been identified and a number of pools of staff 'at risk' have been established to fill the vacancies. It is hoped a large proportion of the staff at risk, supported by training and development, will be successful in applying for the vacancies thereby minimising further redundancy costs and the number of external candidates needed.

- 74 While the mechanics of the consultation and restructure take place, further work is being undertaken on the other important elements of the Change Programme. Specialist 'space planners' are being tendered to evaluate and propose effective use of the reduced office space in Guildford whilst sub-lessees are being sought for excess space.
- 75 Robert Crawford presented to the Board the new senior reporting structure, described the posts and responsibilities and explained where change is taking place, and the extent of that change. He assured the Board that the structure will become more defined in the period leading up to November. Robert also set out emerging thoughts on the choices of sectors for targeting future focused interventions, and on new ways of working.
- 76 Concerns were raised about possible future budget cuts and SEEDA's ability to perform its statutory duties should these occur. The Board urged the Executives to make the transition to the new structure as expeditiously as possible.
- 77 The Board **NOTED** the progress report of the Fit For the Future Programme.

Item 15 AOB

- 78 There was no other business.

SEEDA BOARD MEETING

SUMMARY OF ACTIONS

23 JULY 2009 MEETING

Action: *Item 8a – Major Projects and Programmes, Business Link*

Jeff Alexander to submit a copy of the grant agreement, between SEEDA and the preferred supplier, to Keith Riley for review and input.

Grant Agreement in preparation and will be submitted to Keith Riley when it is ready for his review.

Action: *Item 8a – Major Projects and Programmes, Business Link*

Jeff Alexander to include in the risk register the need to monitor the impact on services across the South of England of a single supplier.

In hand – risk register being updated as requested.

Action: *Item 10 – Feedback from Board Committees*

██████████ to make proposals regarding provision of internal audit services to the Audit Committee.

The options paper was delayed, in agreement with the Chief Operating Officer, as the discussions with Surrey County Council, EEDA and SWRDA were still ongoing. Options will be presented to Executive Board on the 7 September.

Action: *Item 14 – Agency Report*

Oona Muirhead to bring the issues on the Regional low carbon building retrofitting fund and European Investment Bank to a future Board meeting.

To be scheduled for the November Board Meeting.

14 MAY 2009 MEETING

Action: *Item 4 – Oxfordshire Area Update*

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

This issue is included in the report back from Regional Transport Board, Agenda item 11b.

Action: *Item 5 – Programme for Green Economy*

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

SEEDA is not currently active in the London Array development so there are no opportunities for PR activity at present.

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.

To be discussed at September Major Project Committee meeting and September Board Meeting, Agenda item 8b.

Action: *Item 11 – Audit Committee Minutes*

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

Phil Wood has contacted those responsible for Audit in all the Agency's associated companies and will feed back to the Audit Committee at its next meeting. Lee Amor is overseeing development of the Business Case for the proposed SPV at September MPC and Board.