

Enterprise M3 Ltd Board Meeting

28 November 2019 - 12.00-4.40pm

Brooklands Museum, Brooklands Road, Weybridge, Surrey, KT13 0SL

DRAFT MINUTES

Directors in Attendance

Dave Axaam - Chair
Debbie Allen
Simon Browne
Linda Cheung
James Cretney
Barney Ely
Jason Gaskell
Ian Harvey
Paul Hogg
Tim Jackson
Stacey King
Andrew Lambert
Ross McNally
Richard Millard
Caroline Reeves
Kathy Slack
Brian Woods

EM3 Team in Attendance

Rachel Barker
Aleks Bennett
Rob Dunford
Kevin Lloyd
Justine Davie

Apologies

Rob Carr
David Clifford
Rob Humby
Colin Kemp
Mike Short - Co-opted Member
Jim McAllister

Guests in Attendance

Blessing Inyang – Cities and Local Growth Unit
Rob Moran – Elmbridge Borough Council
Tamalie Newbury – Brooklands Museum
Faz Osborne – Cities and Local Growth Unit
Doug Perkins – Elmbridge Borough Council

1. Welcome from Brooklands Museum and Elmbridge Borough Council

- 1.1 Rob Moran, Chief Executive and Doug Perkins, Economic Development Officer at Elmbridge Borough Council welcomed the Board and advised them of the work being carried out in the area to promote good growth and improve infrastructure. The Board was advised that Elmbridge was rated as one of the top 15 highest performing economies out of 379 boroughs and districts in the UK and also had the most business births in the LEP area since 2015, with 5,100. Elmbridge Borough Council had a strong business focus and work was being carried out with leading businesses in the area and partnerships had been developed with the Business Leaders Board and the Elmbridge Business Network.
- 1.2 The challenges facing the area were identified as changes in retail spending, businesses relocating and a changing demographic. In order to address the challenges Elmbridge Borough Council was working on redevelopment and regeneration of Weybridge Town Centre. The work was a partnership with the community and businesses. It was suggested that the LEP could appoint a town centre champion that could work with local authorities to help identify investment opportunities and ways to enhance their areas.
- 1.3 Tamalie Newbury, Chief Executive at Brooklands Museum welcomed the Board and provided some historical context to the site as well as plans for the future. Brooklands had the world's first purpose built motor racing circuit opened in 1907. In 1915 Vickers started manufacturing aircraft at Brooklands and in September 1939 when World War II began Vickers-Armstrong had exclusive use of the Brooklands site for military aircraft production. By the end of the war Brooklands had produced and flown a total of 5,748 military aircraft. In 1960 Vickers-Armstrong became part of the newly formed British Aircraft Corporation, the Concorde design meeting was held at Brooklands and more of the Concorde plane was built at Brooklands than

any other manufacturing site. In the 1960's and 70's Brooklands employed around 14,000 people. In 1977 the factory at Brooklands was contracting in size and by 1986 the factory closure was announced. The Brooklands Museum Trust was launched in 1987 and the features of the site were restored or recreated.

- 1.4 The focus of the museum was now about learning and inspiring young people to take up STEM subjects and encourage innovation. Apprenticeship programmes were also run through the museum as well as community work including the Reminiscence café for those with dementia and autism early opening. Brooklands Museum had been named Tourist attraction of the year at the Surrey Business Awards in 2019 and was a finalist in the Art Fund Museum of the Year in 2018. The Museum required support with capital investment for the future as a large historic estate was expensive to maintain. The constraint of local transport was also highlighted and links to the rail network. The ambition of the Museum was to grow visitor numbers by 30% in five years.
- 1.5 The Chair thanked Rob Moran, Doug Perkins and Tamalie Newbury for their presentations and hospitality.

2. Welcome and Introductions from Chair

- 2.1 Dave Axam welcomed everyone to the meeting and all those in attendance introduced themselves. Particular welcome was given to Faz Osborn from the Cities and Local Growth Unit and Cllr Caroline Reeves, Cllr Richard Millard and Brian Woods to their first Board meeting.
- 2.2 The Chair advised the Board that the meeting would be the last one attended by Andrew Lambert as he his term of office had come to an end. Andrew had served five-years on the Board and his invaluable contribution over those years was much appreciated. However, Andrew was not leaving the LEP completely as he had agreed to continue as Chair of the Enterprise and Innovation Group.

3. Minutes of the previous meetings & matters arising

- 3.1 The minutes of the meeting held on 26 September were agreed and the actions noted.

4. Chairs Report

- 4.1 The Board received details on the activities and events undertaken by the Chair since the last Board meeting. Dave Axam highlighted some of the events attended, in particular the Transport for the South East which raised the issue of the need to look at innovative ways of doing things in future. A letter had been sent to Heathrow supporting the expansion of the airport and addressed the importance of the provision of southern rail access. The Chair had met with Neil Garwood from Southampton Airport and discussed the restrictions faced by the Airport due to the size of the runway. The LEP would support the Southampton Airport growth plan. The Joint Leaders Board scrutiny meeting was held on 21 November and the Leaders were rigorous in the scrutiny carried out, it was an open process which would help the LEP maintain its high standards.
- 4.2 Ian Harvey advised the Chair that as the Leader of Spelthorne he had been involved in Heathrow southern rail access meetings and offered to share information with the LEP. The Chair asked Faz Osborn if she was able to provide guidance on how to best get the message to Government on the importance of the provision of a southern rail access.

5. Declarations of Interest

- 5.1 In addition to all interests previously declared, the following interests were noted:
 - Debbie Allen and Brian Woods left the room during the decision making on the Enterprise M3 Board Appointments item.

- Blessing Inyang, Faz Osborne, Kathy Slack, Rachel Barker, Rob Dunford, Aleks Bennett, Kevin Lloyd and Justine Davie left the room during the decision making on the confidential update from the Nominations Committee under the Governance item.
- Blessing Inyang, Faz Osborne, Aleks Bennett and Justine Davie left the room during the decision making on the confidential update on the review of the organisation.

6. **Moving Towards Implementation of the Local Industrial Strategy**

- 6.1 The Board received a presentation on the evidence base for the Local Industrial Strategy which was being submitted to the Analytical Panel convened from across Government Departments. Detailed feedback would be received from the Panel.
- 6.2 Metrodynamics had been appointed to help assemble the information for the evidence base. Studies had been commissioned on sector innovation, skills, towns, low carbon sector and clean growth, digital/5G connectivity infrastructure, smarter mobility solutions and exporting. The evidence base also included references to other strategic work being carried out across the area including an initial statement that the six LEPs within the Greater South East had developed to express what they brought to the national economy and how they could work better with London. Other strategic work included the Hampshire 2050 Commission, the Surrey Place Ambition and the Transport for the South East draft Strategy.
- 6.3 A number of the major aspects of the evidence base were highlighted in the presentation. The positive messages emerging were that the Enterprise M3 economy was much more diverse than most other areas and much of it was knowledge based which in principle made it more resilient, adaptable and capable of diversification. Innovation was primarily led by business and there was a strong story on the commercialisation of knowledge. Employment was high, the skills base was strong with economic inactivity low and the exports of services by value were the highest outside London. On a less positive note the area exhibited the cost of success where investment on infrastructure had lagged behind growth. There was a marked loss of jobs from the area which it was thought was due, in part, to competitive pressures from neighbouring areas. The loss of jobs was across almost the whole of the Enterprise M3 area and included some of the sectors which were most significant to the economy.
- 6.4 The Board were supportive of the evidence base and agreed that further work now should be carried out to further test the implications of the analysis and identify the potential interventions that could address risks and take advantage of opportunities.

7. **Enterprise M3 Board Appointments and Governance**

- 7.1 The Board received a report on Board appointments. It was noted that the meeting would be Andrew Lambert's last meeting. Julie Baker from Natwest and RBS had been co-opted to the Board and would be attending her first meeting in January 2020. Nominations were being sought for a new FE Principal to join the Board as Tim Jackson would be leaving the Board in January 2020. The Nominations Committee were leading the work on the recruitment of a new Chair and two new private sector Board Members which would commence in January 2020.
- 7.2 The Board was advised that there was a risk that the LEP may fail to meet the Government's expectations in terms of gender diversity on the Board which could result in a financial penalty. Government had advised that in order to comply with the LEP Review requirements there must be seven women Board members by 31 March 2020, there were currently five. The potential financial penalty was unexpected and would be discussed at the next LEP Network meeting. Work was being carried out to achieve a diverse Board, including younger candidates, but it was agreed that it was also important that the Board remained of a high quality. The Board acknowledged that if the gender diversity target was not achieved by March 2020 the LEP may be issued a financial penalty.
- 7.3 The Board agreed the appointment of Brian Woods as the FSB Business Support representative for one-year. The Board also agreed the appointment of Debbie Allen as the Chair of the Resources, Finance and Audit Committee.

8. Capital Programme Update

- 8.1 Rachel Barker reported to the Board on the current position with the capital programme. Since the last meeting the Programme Management Group had approved three projects totalling £3.4m. The forecast expenditure for end 2019/20 was in the range of £37m-£57m, should the target of £45m be achieved by 31 March 2020, Enterprise M3 would have spent 102% of the total available LGF allocation. Project outputs were looking strong with the target number of new homes, learning floorspace and apprenticeships supported being met and exceeded, therefore the targets had been revised.
- 8.2 The Board was advised that Winchester City Council had confirmed that due to the legal actions received against the award of outline planning permission for Station Approach they were no longer able to deliver the project by 31 March 2021. The Board agreed that the £5m funding approved for Station Approach be made available for reallocation.
- 8.3 The current value of the pipeline was £29m with currently just over £6m available to allocate. An update on contracts signed and projects at risk would be provided to the next meeting of the Programme Management Group.

Action to be taken	By Whom	When
£5m allocated to Station Approach Winchester project to be made available for reallocation	Rachel Barker	December 2019

9. Enterprise M3 Organisation

- 9.1 The Enterprise M3 Board received a confidential report in recent work that had taken place to review the organisational structure. They noted that the aim was to have the new organisational structure in place for the start of the 2020/21 financial year. The Board noted and endorsed the financial implications from the review which were within the medium-term budget presented to the Board in September 2019.
- 9.2 Rob Dunford advised the Board on the work carried out to review the options for delivery of the Enterprise M3 Growth Hub. The review of options for future delivery of the service involved detailed consultation with 25 stakeholders across the area. A report had been provided which clearly showed that the existing Growth Hub service was well regarded by partners. In light of the strong performance and perceptions amongst stakeholders the three options proposed were to maintain the current contracted service, bring the Growth Hub in house or create a subsidiary.
- 9.3 Taking into account the current high levels of uncertainty surrounding the imminent General Election, the policy and funding position of the new Government, and that funding had been confirmed for just one additional year, it was recommended that the current contract with UMi be extended until March 2021. As part of the contract extension Enterprise M3 would look to achieve greater sharing of data, closer working relationships and the establishment of a small steering group to oversee work of the Growth Hub. The LEP could review the position again in early 2020 once the outcomes for the General Election and Brexit were known and any potential impact on the Government policy for Growth Hubs.
- 9.4 The Board discussed the recommendation and agreed that, as the Growth Hub was performing well and was well regarded, the contract with UMi should be extended until March 2021. The Board agreed that data sharing should be a key element of the contract extension.

Action to be taken	By Whom	When
Extend the contract for the Growth Hub service until March 2021.	Rob Dunford	December 2019

10. Enterprise M3 Delivery Plan Update

10.1 The Board received a progress review on the Enterprise M3 Delivery Plan. Those areas currently rated as Amber were highlighted. The monitoring and evaluation work was now on track with the appointment of SQW, a progress update on the work would be provided at the January 2020 Board meeting. Achieving the Board diversity target remained at risk as discussed earlier in the meeting. The data in the Delivery Plan would be used at the Annual Performance Review being held on 14 February, the Government had also requested the completion of a further form by 16 December which would also inform the Annual Performance Review.

11. Resources, Finance and Audit Committee Report

11.1 The Board received a report which set out the current outturn position at the end of Quarter 2 and an update on the four-year forecast and impact on reserves. The revenue position at the end of Q2 forecast a £730k increase in net income compared to the budget. The increase in income was mainly due to additional government funding provided to help businesses prepare for the EU Exit and for intelligence gathering. When the budget was endorsed by the Board in March 2019 it was expected that £319 would be drawn from reserves, due to the additional funds a net increase in funds of £411k was now expected.

11.2 The four-year forecast showed that Enterprise M3 could fund planned activity to support the economy by using £1.35m from existing revenue reserves reducing the total to £1.1m by the end of 2022/23. This would be approximately £0.5m below the minimum reserves level set in the reserves policy, and with uncertainty over future funding from Government, RFAC would continue to play a key role in overseeing the budget, managing risks and keeping the Board informed.

12. Government Plans

12.1 Faz Osborn thanked the Chair for the opportunity to attend the Board meeting, it was helpful to listen to the discussions and hear about the progress being made. The issues raised by the Board around uncertainty on policies and funding and the need for more clarity would be escalated to Ministers. The Chair highlighted that Enterprise M3 only had £6m funding available to allocate to new projects and would be considering applications at the next Programme Management Group of up to £12m therefore there was an urgency for decisions on future capital funding.

Action to be taken	By Whom	When
Escalate concerns on policies and funding to Ministers	Faz Osborn	December 2019

13. Chief Executive's Report

13.1 Kathy Slack highlighted the key issues in the Chief Executive's Report which had been circulated. Rob Dunford advised that the British Motor Show in 2020 would be held at the Farnborough International Exhibition and Conference Centre and lots of interest had been created on social media. Work was continuing on collecting evidence and providing business support on the business readiness activity.

14. Joint Leaders Board

14.1 The Board received feedback from the Joint Leaders Board meeting held on 21 September. The scrutiny session was chaired by Cllr Phil North, Leader of Test Valley Borough Council with support from Waverley Borough Council and Winchester City Council to pull the session together. As the JLB met every two months they were already well informed but feedback was that the scrutiny session had been positive, constructive and encouraging.

15. Programme Management Group Report

15.1 The Board received and noted the minutes of the Programme Management Group meetings held on 23 October and 14 November 2019.

16. EU Programme Update

16.1 The Board received and noted the progress on the EU Programme.

17. Forward Programme

17.1 The Board received and noted the Forward Programme.

18. Any Other Business

18.1 Ross McNally invited all Board members to contact Hampshire Chamber of Commerce if they would like any assistance running business events in their area.

18.2 The future Enterprise M3 Board meetings would be held on

- Thursday 30 January 2020 – HQ 11 Infantry Brigade, Aldershot
- Thursday 26 March 2020 - TBC