

Enterprise M3 Ltd Board Meeting

26 March 2020 - 1.30-5.00pm

Zoom Video Conference Call

DRAFT MINUTES

Directors in Attendance

Dave Axam - Chair
Debbie Allen – Deputy Chair
Julie Baker
Virginia Barrett
Linda Cheung
Sarah Jane Chimbwandira
David Clifford
James Cretney
Ian Harvey
Paul Hogg
Rob Humby
Colin Kemp
Stacey King
Jim McAllister
Ross McNally
Caroline Reeves
Kathy Slack
Brian Woods

EM3 Team in Attendance

Rachel Barker
Rob Dunford
Sue Littlemore
Kevin Travers
Justine Davie

Apologies

Rob Carr
Joy Carter
Barney Ely
Richard Millard

Guests in Attendance

Karen Hillen – Cities and Local Growth Unit
Richard Turl – Cities and Local Growth Unit

Co-opted Members

Mike Short

1. Welcome and Introductions from Chair

- 1.1 Dave Axam welcomed everyone to the meeting, in particular, Sarah Jane Chimbwandira, Chief Executive from Surrey Wildlife Trust, the new Board member representing the Third Sector, and Richard Turl and Karen Hillen from the Cities and Local Growth Unit, replacing Blessing Inyang as the Enterprise M3 Government liaison, who were attending their first Enterprise M3 Board meeting. All those on the conference call introduced themselves.
- 1.2 The Board was advised that this would be Paul Hogg's last Board meeting and the Chair thanked Paul on behalf of all the Board members for his time and effort given to Enterprise M3 over the last three years. Joy Carter, Principal at the University of Winchester would be joining the Board at the May meeting taking over from Paul as the Higher Education representative.

2. Protocols for Virtual Board meeting

- 2.1 The Chair advised Board members on the protocol for running the virtual Board meeting.

3. Minutes of the previous meetings & matters arising

- 3.1 The minutes of the meeting held on 30 January 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. During February the Chair had attended a number of meetings with MP's and Southern LEP Chairs discussing the strengths of the South and how high growth areas could strengthen the global economy. Through March there had been a number of meetings held to discuss Covid-19. It was acknowledged that the levelling up agenda was likely to be delayed but discussions would still need to be held to identify how the South could lead the economic recovery post Covid-19.

5. **Declarations of Interest**

- 5.1 In addition to all interests previously declared, the following interests were noted:
- Linda Cheung and Rob Humby left conference call during the decision making on the Enterprise M3 Board Appointments item.
 - Colin Kemp remained on the conference call during the discussion on the Capital Programme Update as no decisions were made.

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

- 6.1 Mike Short updated the Board on the work of the Nominations Group on Board recruitment. The Board noted the appointments of Sarah Jane Chimbwandira and Joy Carter to the Enterprise M3 Board which had been agreed by correspondence in February.
- 6.2 The recruitment of a new Chair and Directors was currently on hold in light of the recent Covid-19 events although the programme was ready to launch. The Board would be updated on the proposed way forward once discussions had been held with BEIS on the impact of Covid-19 and possible options available. It was proposed that a Covid-19 Board sub-group was set up to address implications and interventions for recovery.
- 6.3 The Board agreed the appointment of Linda Cheung and Rob Humby to the Nominations Committee.

Action to be taken	By Whom	When
Consider the appointment of Board members to a Covid-19 sub-group	Nominations Committee	April 2020

7. **Government Budget Update - Implications**

- 7.1 Kathy Slack advised the Board on the implications for the LEP from the Governments recent budget announcement. The budget confirmed up to £387m in 2020/21 for existing Local Growth Fund projects, however it was not clear how the funds would be distributed. Indications showed there would be £250m allocated to LEPs and the rest would be for the Department for Transport retained schemes. The criteria for distribution of funds was being worked up but had been paused. An additional £10m had been allocated for Growth Hubs, a much needed resource particularly for the additional work now required on Covid-19. The budget also announced £1.5bn for further education establishments.
- 7.2 The Devolution White paper was unlikely to be published in May. It was expected that the economic recovery work would be devolved out. Richard Turl advised that devolution was going to be a key part of the Government agenda going forward.
- 7.3 The Board discussed the budget and raised a number of questions. A question was raised on how the £250m would be distributed to LEPs and whether it would be pro-rata to those LEPs that had spent their LGF allocation. The Board was advised that the criteria for allocation had still to be agreed. It was agreed that any interventions put in place over the next 12-18 months should be innovative to take the area forward for the future.

8. Capital Programme Update

- 8.1 Rachel Barker reported to the Board on the current position with the capital programme. There was currently £237.8m of projects contracted to date. There was £219m available from Government LGF funding and the rest would be met from the remaining GEF and loan repayments received. The focus was now on processing the claims for the final quarter, it was clear that the target of £45m was unlikely to be reached and was more realistically going to be nearer £37m, which was 97% of the LGF allocation received to date. Discussions were being held with applicants to ensure claims were received and process by the deadline. The changes in expenditure were mainly affected by some slippages in delivery of transport projects, the Fleet Pond Green Corridor project no longer requiring the £700k loan element and the decision to delay payment on some projects to secure the LEPs position.
- 8.2 There was currently approximately £6m unallocated to projects although it was expected that could rise following some further slippage on existing projects. It had been proposed that a new call would be opened to further strengthen the pipeline however emails had been received from existing project applicants advising that due to Covid-19 they expected to experience a delay in delivery and there could be a potential increase in costs. There had also been some requests for consideration on a flexible approach to loan repayments. A letter would be sent to all project applicants to ask them to make contact as soon as they were aware of any potential delays or cost increases to delivery. This letter would confirm Enterprise M3's commitment to contracted projects in the event of delays as a result of Covid-19, subject to these projects still being viable. The LEP would update Government with information received to agree the level of flexibility that could be introduced with regard to the use of LGF funding beyond March 2021.
- 8.3 The Board was advised that local authorities would halt non-emergency work on highways by the end of the week. The Board agreed that a call for further projects could be put out under the banner of the economic recovery phase. Richard Turl would feed back to BEIS the comments made regarding delay in delivery and increased costs and the need for flexibility.

Action to be taken	By Whom	When
Feedback to BEIS the need for flexibility on the use of the LGF allocation beyond March 2021	Richard Turl	April 2020

9. Resource, Finance and Audit Committee Report – 2020/21 Final Revenue Budget

- 9.1 The Board received a report on the expected 2019/20 outturn position and the final revenue budget for the 2020/21 financial year. The report showed that a surplus position was forecast for 2019/20 with the net income at the end of the financial year of £760k above budget.
- 9.2 The final revenue budget for 2020/21 showed anticipated expenditure of £3.385m with income of £2.936m, which would result on a draw on retained reserves of £449k. There had however been a number of changes since RFAC had met, in particular the drop in the interest rate, which would result an estimated additional £100k being drawn from the retained reserves.
- 9.3 The Board agreed the 2020/21 revenue budget acknowledging that there would need to be some variations in response to the impact of Covid-19 on interest rates and loan repayments.

10. Activity in Response to Covid-19

- 10.1 Kathy Slack reported to the Board on the LEP's response to the current Covid-19 pandemic. All Enterprise M3 staff were now working from home and meetings were being carried out using Teams and Zoom. The staff had adapted well to the new working arrangements and were quickly learning how to use the new technology.
- 10.2 A lot of the business readiness activity was already in place as part of the EU Exit contingency work. There had been a huge amount of business intelligence gathered to understand the impact on the area and inform the required support provision which was being reported back to Government. All events planned had been cancelled, some were

now being delivered as Webinars and some planning was underway on potential ways to deliver the Enterprise M3 AGM.

- 10.3 The Growth Hub had been working exceptionally hard to deliver a signposting service and provide support for businesses. It was proposed that the Careers Enterprise Company staff would be redeployed to help with the business intelligence work as they were currently unable to delivery their core work due to the schools being closed. It was clear that many businesses were not prepared but the Federation of Small Businesses, Chambers of Commerce and local authorities had been working hard to identify issues and liaise with businesses.
- 10.4 Early indications showed the vulnerable sectors as being professional, retail, manufacturing and construction. Statistics showed 52% of Enterprise M3 workers employed in large companies, 90% of companies in the area were micro companies and 16% of residents were self-employed. However, the Enterprise M3 area had a strong economy with a diverse sector base and was highly productive. The area has shown to be very resilient to shock and had emerged from the last two recessions very quickly. The main issue was how long the situation would last and when demand was likely to pick up.
- 10.5 A number of cases had been gathered as part of the business intelligence which identified businesses that had experienced an immediate impact from having to cease trading. There had been some positive responses in relation to the Government call to action for manufacturers for ventilators.
- 10.6 The Board were advised of the implications for the universities and the colleges. The overseas students had returned home and it was unclear whether they would return in September which could result in a huge loss of income for universities. All colleges would experience a loss of income for term 3 and apprentices were being laid off. It was recognised that issues experienced by the further and higher education establishments would have an impact on the supply chain including accommodation and rental markets.
- 10.7 The Board discussed the impact halting highways works would have on the economy. The lack of supply of materials was having an impact as well as the ability to deliver the services in a safe way. The Board was advised that legislation was being taken through Government to enable local authorities to hold meetings remotely. It was agreed that it was important that the recovery phase included being innovative not just reverting back to previous ways of working. The situation provided an opportunity to build business models to make businesses sustainable for the future.
- 10.8 The vulnerability of charities was recognised as their funding relied on the economy being buoyant. Sarah-Jane Chimbwandira reported that support for the charity sector was lacking and advice where available would be very welcome. There was some discussion on the banks position regarding loans and repayment holidays. Julie Barker advised the Board that the banks were working hard to make the process as simple as possible.
- 10.9 Kathy Slack reported that the Enterprise M3 front line response would be to continue to update the website with information and send out daily newsletters with current information. Data gathering would continue with an aim to match demand with capacity where possible. On a positive note it had been energising to see stakeholders coming together and engaging in a proactive way.
- 10.10 The LEP would consider the opportunities to provide small grants schemes once it was clear what the Government was making available. It was not clear whether there would be flexibility granted to use remaining LGF for this purpose. Careful consideration would need to be given to the governance of any schemes. Kathy Slack would work with Linda Cheung and Julie Baker to bring something to the Board in April with proposals for a potential scheme. There may also be a requirement for agreement on requests that would need a quick decision so would include a report to propose delegated authority to six directors for agreements.

Action to be taken	By Whom	When
Consider options for a scheme to issue small grants to vulnerable organisations	Kathy Slack, Linda Cheung and Julie Baker	April 2020

11. Heathrow Expansion

- 11.1 Kevin Travers reported on the current state of play in terms of Heathrow Expansion and engagement programme and the implications, issues and opportunities for Enterprise M3 going forward. In February the Court of Appeal judged that the Transport Secretary ‘acted unlawfully in failing to take into account the Paris Agreement on Climate Change when deciding to designate the Airports National Policy Statement in support of the expansion of Heathrow Airport’. The Government had made a statement saying they would not be appealing the decision. Heathrow Airport Limited had indicated they would take over the case and submit an appeal, Heathrow West Ltd could also appeal. The case would not expect to be heard for at least six months.
- 11.2 The LEP had always supported the expansion of Heathrow although emphasis had been that the proposal needed to meet necessary environmental safeguards as well as providing a coherent strategy. It was recognised that there was likely to be a huge fallout on airlines from the impact of Covid-19 although a rescue package from Government was expected. There were opportunities to push for a greener approach towards Heathrow and a need to work with a wider range of partners and stakeholders to bring all of the elements together.
- 11.3 The Board agreed that the environmental issues were as important as the economic benefits and there needed to be a balance to take the expansion forward. Issues with Southampton Airport following the collapse of Flybe were also acknowledged. The Board noted the report.

12. Enterprise M3 Delivery Plan Update

- 12.1 The Board received a progress review on the Enterprise M3 Delivery Plan. It was acknowledged that in light of the current Covid-19 pandemic there would need to be a revision to the focus of the Delivery Plan. It was expected that Government would delay the date for publishing delivery plans recognising that all LEPs would need to change their focus.

Action to be taken	By Whom	When
Amend the Delivery Plan to bring together the Covid-19 work and identify priorities	Rachel Barker	April 2020

13. Government Plans

- 13.1 Richard Turl and Karen Hillen updated the Board on Government plans and current activity. Richard advised that listening to the discussions at the Board meeting the LEP thinking was very much in line with that of the Cities and Local Growth Unit (CLG). Work on the approach on short-term interventions, medium and then planning for the longer term was required. It was expected that publications of Local Industrial Strategies would be delayed but the work on the LIS would be valuable for the recovery plan. Staff at CLG were doubling up in the event of sickness so that work could continue. The Covid-19 intelligence being reported to Government was incredibly valuable and all Board members were encouraged to feed any valuable intelligence to Sue Littlemore. The relaxation of LGF funds as revenue had been acknowledged but no decision had been made by ministers at the current time.

14. Chief Executive’s Report

15. The Board received and noted the Chief Executive’s Report.

16. Programme Management Group Report

- 16.1 The Board received and noted the minutes of the Programme Management Group meetings held on 12 March 2020.

17. EU Programme Update

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

18. Forward Programme

18.1 The Board received and noted the Forward Programme.

19. Any Other Business

19.1 The Board again thanked Simon Browne, Jason Gaskell and Tim Jackson for their time served on the Board and wished them well for the future.

19.2 The future Enterprise M3 Board meetings would be held on

- Thursday 28 May 2020 – University of Winchester - TBC
- Thursday 30 July 2020 – Tannery Studios - TBC
- Thursday 24 September 2020 – Southampton Science Park -TBC
- Thursday 26 November 2020 – TBC
- Thursday 28 January 2021 – TBC
- Thursday 25 March 2021 - TBC

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