

## JOINT LEADERS BOARD

### Enterprise M3 Joint Leaders Board

Notes of a meeting of the Joint Leaders Board held on 21 May 2020

From 10:00 – 11:30 (Via Teams)

#### Joined:

<b>Gill Kneller</b> (GN)	East Hampshire District Council
<b>Kathy Slack</b> (KS)	Enterprise M3
<b>Cllr Alan McCafferty</b> (AMc)	Surrey Heath Borough Council
<b>Dave Axam</b> (DA)	Enterprise M3
<b>David Neighbour</b> (DN)	Hart District Council
<b>Cllr Caroline Reeves</b> (CR)	Guildford Borough Council
<b>James Whiteman</b> (JW)	Guildford Borough Council
<b>Stuart Jarvis</b> (SJ)	Hampshire County Council
<b>Cllr Rob Humby</b> (RH)	Hampshire County Council
<b>Cllr Colin Kemp</b> (CK)	Surrey County Council ( <b>Chair</b> )
<b>Hannah Linsell</b> (HL)	Surrey County Council ( <b>Minutes</b> )
<b>Tom Horwood</b> (TH)	Waverley Borough Council
<b>Ray Morgan</b> (RM)	Woking Borough Council
<b>Laura Taylor</b> (LT)	Winchester City Council
<b>Cllr John Ward</b> (JW)	Waverley Borough Council
<b>Tim Pashen</b> (TP)	Surrey Heath Borough Council
<b>Ian Boll</b> (IB)	Basingstoke & Deane Borough Council
<b>Cllr Keith Mans</b> (KM)	Hampshire County Council
<b>Lucille Thompson</b> (LT)	Winchester City Council

### 1 Introductions and apologies for absence

CK welcomed the Board to the call and explained the 'raise hand' function and purpose for the Teams call.

### 2 Minutes of the Previous Meeting and Matters Arising

Keith Mans is missing from the attendance list – **ACTION: HL to add to the list of apologies.**

Christine Tetlow attended on behalf of Hart District Council – **ACTION: HL to amend previous minutes.**

### 3. Covid-19 Economic Intelligence update (Kathy Slack)

**ACTION: KS to forward slides to Board following the meeting**

KS is pleased to present this item around economic intelligence which has been pulled together in partnership with the local authority offices. One of EM3's key roles is working with organisations and businesses to pull together this intelligence which is updated weekly. KS explained that they are keen for the Board to share and use the data which has been collected.

KS continued that the current impact of Covid-19 is enormous with the likelihood of a deep recession, but we still need to act using the intelligence gathered.

Thinking ahead to survive and grow, EM3 have been focused on the first stage which is about cash. This is what businesses need and in result are making some difficult decisions on the impact of this. KS added that we're in period of coming out of lockdown but there is a focus on safety concerns. Looking further, the next stage will be around recovery and particularly sustainability.

There has been Government roadmap and to reopening the economy with a 3-step plan which includes people returning to work from 13 May, the opening of schools potentially from 1 June and remaining business potentially opening from 1 July.

KS advised that the present GPR figures had been received. Figures in the press show that GDP fell by 2.0% in the three months to March 2020. KS added that the key figure GDP fell by 5.8% in March. The sectors which are facing particular decline are Education, Wholesale food and beverage, accommodation, travel agents and manufacturing. Pharmaceuticals went up.

KS explained that before we went into the recession, the economy was already beginning to falter. However, the economy within EM3 was in a really good position. There are some areas which overcome the recession but there will be some deep changes.

There is great concern and uncertainty around unemployment and is likely to affect the younger generation, lower skilled and potentially females. KS believe the aviation industry will be impacted by the recession. However, when viewing the figures of the London fringe airports such as Gatwick, Heathrow, Stanstead, Luton and South End, they handled 61% of the UK passengers. In addition to this, the manufacturers, hospitality, freight and events which are connected to aviation, the impact of this on this sector alone is likely to be very large on the economy. KS is concerned that with the ongoing Covid-19 situation, along with a lack of vaccine, it will potentially be very difficult for airlines to recover.

KS added if companies are looking to make redundancies a confidential HR1 form is completed. EM3 no longer receive a summary of this information relating to their local areas. However, EM3 do receive 'HR1 Spikes' from BEIS which highlighted that this particular sector was suffering and are concerned about the impact this could have. However, what BEIS did say, is that EM3 have the 3<sup>rd</sup> lowest resilience index score in the Country which means they are the 3<sup>rd</sup> strongest economy geographically in the UK. This is based on productivity, household incomes, unemployment and population.

KS explained that slides no.20-23 displays an analysis on individual sectors and RAG rated to identify the most concerning areas. KS added that there are a lot of strengths but there is unpredictability following Covid-19 and the behaviours of people returning to the workplace.

KS shared that there has been a 30% drop in businesses advertising jobs. KS continued to share that our area is one of the largest areas to experience this decline in job posting with Rushmore, Test Valley, Spelthorne and Runnymede having the highest percentage drop which could be linked to the aviation industry.

KS discussed that slide no.25 highlights the areas and opportunities such as business and consumer behaviours and the social & equality impacts. KS believes there is an IT skills gap in many companies which has impacted them during Covid-19, and work will need to be done digitally transform their business.

There is a great uncertainty in relation to consumer behaviours in terms of spending and saving behaviours. This also include public confidence moving forward. KS feels Local Authorities will need play the trusted bodies to inspire public confidence as this will be important and linked with opening town centres.

KS explained that the sectors of focus bounce back is ICT and Digital, Health, Science and Med Tech. Slide no.30 also highlights EM3's focus of action on recover and growth. These include, increasing the number of scale ups and supporting businesses, retaining our biggest employers, town centres, low carbon environment and reskilling.

KM believes that the air transport area within aviation will recover more rapidly than expected and will have a beneficial effect on activities around airports such as hospitality. However, they need to focus on social distancing and designations with regards to whether isolation will be required upon arrive. KS continued to explain that we need to focus locally on the small and medium enterprises (SMEs) that supply the manufacturers as they will also experience difficulty as airlines are potentially not purchasing aircrafts.

KM added that some smaller companies that have been very adaptable and have thought of new ways of running their business, may need additional support for carry out their activity in new directions. In addition to this, KM agrees with KS that we need to focus on those companies which haven't adapted and are perhaps lacking in skills to make these changes. KM also agreed that our town centres need to be seen as destinations for other activities and not just for purchasing.

KM shared concerns around globalisation in relation to telecommunications and allowing China to access the 5G network which could affect our region.

RM believe there will be a great challenge in obtaining income from the hospitality sector and the situation will not be fixed quickly. RM added the additional challenge and concern of not only retaining businesses but also whether the customers will return. RM believes there is a disconnect at Government level with pursuing a course to restrict the power of local authorities to borrow which could eliminate mechanism that could energise local economies most effectively. RM feels that this need raising as it could impact greatly on stimulate local economies.

RM added that the Art and Theatre sector has not been discussed or sighted within the report which is a major contribution to the UK. RM added had Woking have seen a substantial decline in job advert for this sector which is of great concern as to whether they will return.

#### **4. Update from Chair (Colin Kemp)**

CK thanked KS for the report and data. CK added that every town and village is different as they will have their own industries and local challenges.

CK added that residents are nervous of using public transport now and are being encouraged to use their personal cars. Local authorities are continuing to promote and facilitate cycling and walking by providing the ability to do this safely.

CK raised that the challenge around town centres is how to make the public feel safe when they do come out. CK believe we need to create spaces around our towns and villages where people feel safe and will return. Business will take an important role in facilitating social distancing measures.

CK agrees with KS there are opportunities with larger businesses which promote themselves on being close to London which may change now following Covid-19 lockdown. CK believes there could be an opportunity to attract these businesses into out outlying areas.

CK feels that this is a good opportunity to make some courageous decisions with our Officers to create a new and better future and not wait for it to return to how it was previously. KS agreed that there are huge opportunities and add that a challenge would be to bring the workplace closer to people to enable them to cycle or walk to work. This could involve smaller offices but closer to employees or drop in spaces where people do not travel into London. KS added that the challenge with this will be investment and how much money is available to do this.

CR agrees that more people will be opting to work from home. However, as time goes on, people will be keen to go out to meet people and work. There will be a need for drop spaces with flexible working places and refreshment breakout areas will be important. CR added people are missing social activity with others and isn't always connected with work but there could be a potential to mix the two. CR mentioned that these spaces work well in London and they have looked at introducing this to Guildford but there was not an appetite for this previously. However, CR believes now is the time to revisit this option as some people do not like working from home, and it would also help with mental wellbeing.

IH discussed his concerns around the aviation and hospitality industry and does not believe it will recover quickly. IH added that both Virgin and Heathrow have made redundancies which is very serious for the Spelthorne and the other borough and district areas surrounding Heathrow. IH agrees that smaller offices are the way forward too and currently work with the owners of larger offices who offer flexible workspace, therefore going forward IH believes there will be a bigger appetite for flexible working spaces around London.

IH mentioned that at the beginning of the Covid-19 crisis, there was the inability to source PPE except from China. Apart from specialised areas such as aviation, the UK does not manufacture in the UK anymore. IH believe we should encourage manufacturing again to become more self-reliant.

## **5. EM3 update (*Kathy Slack*)**

KS shared the slide titled 'Opportunities and Priorities for Funding'.

KS explained that EM3 are in their final year of the Local Growth Fund which they received in three tranches. The £216m has been effectively used. KS added that the Government are not moving away from the position that the money needs to be spend within the year. KS understands the reason for this and keen to not have an underspend at the end of year.

KS explained that there is a Growing Enterprise Fund of £21m and operates as a revolving loan fund which has been very effective. The model for this is now being used in the Local Growth Fund which is a loan-based approach and has received £23m which has allowed them to reinvest.

KS explained that EM3 have spent 97% of their expenditure this year which is up 10% from last year. KS added that this cause issues for unallocated money to cope with Covid-19 related issues. The slides show significant inroads in their targets, particularly with the apprenticeship target, with good work with FE sector.

KS continued to add that the impact of Covid-19 on EM3's Capital Programme will probably include lower levels of expenditure, delay in projects, reduce loan repayments and possibly some projects not proceeding at all.

KS shared that EM3 have £71.3m available to support projects. The Government are taking a different approach this year, they will be holding back 1/3rd of the funding and there will be a forensic review of every LEP's expenditure and only when it's been demonstrated that all the money has been contracted and their confident in the programme in terms of spend and delivery will they release the remaining money in September.

KS added that 80% of the money has been contractually committed. KS confirmed that EM3 have committed all the money received from Government, the reason it is slightly higher is due to amount being returned from loans. The further 10% of the available funding has been approved and close to contract.

At the current time, EM3 have around £5m of funding that is yet to be allocated to projects, this is likely to used to support Covid-19 recovery activity across the EM3 area. EM3 will also be looking to work with partners on generating deliverable proposals with emphasis on delivering at pace and align with other funding streams.

KS explained the potential projects and programmes detailed on slide no.7 with particular focus on ensuring resilience and unlocking new opportunities across the EM3 Programme. In addition to this, a daily bulletin is being provided which provide support and advice to businesses which has been very positive.

KS discussed how EM3 are looking to the support town centre fund. KS add that EM3 are looking to invest £500k pilot to support town centres in the Covid-19 recovery. Looking at a maximum of 8 projects across the EM3 area. EM3 want to use the money to support measures that will build confidence and enhance safety in the short term and also opportunities in the long term with things being delivered by July 2020. Further details on how to apply will be sent on Tuesday 26 May. There will be a streamline application form with two closing dates on 5<sup>th</sup> and 26<sup>th</sup> June 2020. EM3 are also encouraging new ideas to be shared with them by emailing [bids@enterprisem3.org.uk](mailto:bids@enterprisem3.org.uk)

EM3 Chair and Board Member are very committed to be playing an active part in economic recovery to work effectively alongside the JLB to increase consumer and business confidence.

CK asked KS to clarify the 2/3<sup>rd</sup> & 1/3<sup>rd</sup> funding from the Government and whether it's based purely on delivery. KS explained that contracted part is important, and the Government are suggesting that you haven't contracted the money now, you're unlikely to able to spend that next year. The next stage would be delivery and expenditure which is what the Government want to be reassured about.

KM mentioned that with more unemployed people there is a great opportunity for adult reskilling as unemployed people may be looking for something different and looking to be retrained for this. KS agrees with KM and mentions that it is already coming highlighted within EM3's Local Industrial Strategy about reskilling people for the future. KS added if Covid-19 continues, businesses need to get into a better position to be able to cope. DA added that the Digital Academy will help with this too.

## **6. Closing remarks**

CK apologised for the technical problems of today's meeting and suggests the next meeting is held via 'Zoom'.

**ACTION:** KS to forward updated slides to the Board following the meeting.

**Dates of future meetings:**

23-Jul-20	Via Zoom ( <i>link to be sent</i> )
17-Sep-20	Surrey ( <i>venue TBC</i> )
19-Nov-20	Hampshire ( <i>venue TBC</i> )
21-Jan-20	Surrey ( <i>venue TBC</i> )
18-Mar-20	Hampshire ( <i>venue TBC</i> )