

Enterprise M3 Ltd Board Meeting

24 September 2020 - 1.00-4.00pm

Zoom Video Conference Call

DRAFT MINUTES

Directors in Attendance

Dave Axam - Chair
Debbie Allen – Deputy Chair
Virginia Barrett
Joy Carter
Linda Cheung
Sarah Jane Chimbwandira
David Clifford
James Cretney
Barney Ely
Rob Humby
Ren Kapur
Stacey King
Ross McNally
Richard Millard
Caroline Reeves
Kathy Slack
John Ward

EM3 Team in Attendance

Rachel Barker
Rob Dunford
Lee Danson
Sue Littlemore
Justine Davie

Apologies

Julie Baker
Colin Kemp
Jim McAllister

Guests in Attendance

Rob Carr – HCC Accountable Body
Cllr Peter Martin – Surrey County Council representative
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. The Chair advised the Board that Colin Kemp was currently unwell and unlikely to return to Board meetings until the New Year. Until Colin returned it had been agreed that Peter Martin would attend the Board meetings as the Surrey County Council representative. The Chair would pass best wishes to Colin on behalf of the Board.
- 1.2 The Board were advised that Jim McAllister was currently recovering from an operation. The Board sent best wishes to Jim for a speedy recover.
- 1.3 The Board were advised that the meeting was Caroline Reeves last meeting as she had stepped down as leader of Guildford Borough Council. The Chair thanked Caroline for her valuable contribution during her time on the Board. A replacement for the Surrey local authority leader Board vacancy would be sought at the Joint Leaders Board in November.
- 1.4 The meeting was also Rachel Barker's last meeting, Rachel was leaving Enterprise M3 to join Rushmoor Borough Council as their new Assistant Chief Executive. Rachel had been with Enterprise M3 since its inception and would leave a strong legacy in terms of governance and delivery. The Board wished Rachel well in her new role.

2. Minutes of the previous meetings & matters arising

- 2.1 The minutes of the meeting held on 30 July were agreed and the actions noted.

3. Chairs Report

- 3.1 The Board received details on the activities and events undertaken by the Chair since the last Board meeting. The Chair advised the Board that the LEP Network was being invited into a number of influential groups to advise on the economy. The new approach of regional chair groupings was going down well with Government. The LEP Network and Catalyst South had made representation to Government on the 2020 Comprehensive Spending Review.
- 3.2 A number of MP meetings had been held or were due to be held with Ranil Jayawardena, Jeremy Hunt, Maria Miller and Ben Spencer. The meeting with Jeremy Hunt had been held that morning with discussions on business support and investing in town centres, it had been a very positive session.

Action to be taken	By Whom	When
Share LEP Network Comprehensive Spending Review representation	Justine Davie	September 2020

4. Declarations of Interest

- 4.1 In addition to all interests previously declared, the following interests were noted:
- Linda Cheung, Debbie Allen and Ren Kapur left the conference call during the decision making on the Enterprise M3 Board Appointments item.
 - Rob Humby left the conference call during the decision making on the Future Towns Mobility Demonstrator
 - Dave Aham, David Clifford, Rob Humby, Stacey King, Peter Martin, Caroline Reeves and John Ward left the conference call during the decision making on the Gigabit EM3 Town and Rural project item.

5. Covid-19 Intelligence and Recovery Plan

- 5.1 The Board received a presentation on the economic impact intelligence gathered to date which set out the current state of the economy. There was a large amount of intelligence being received and analysed to create a meaningful dashboard and the presentation highlighted the key issues. The impact on jobs was high with 39,00 Enterprise M3 residents claiming out of work benefit which had nearly trebled since lockdown. Young people were hit the hardest with the unemployment rate for 16-24 year olds currently at 5%. However, although the figures were high for the Enterprise M3 area it was not as high as in other areas of the country. The rate of unemployment in the South East was at 5.4% with the UK average at 6.5%.
- 5.2 The level of staff being furloughed increased from 25% in June to 29% in July. The self-employed and freelance workers had also been affected significantly with 57,700 people claiming support through the Self-Employed Income Support Scheme, nearly three quarters of those eligible. Employers would now be thinking about whether to make people redundant with the furlough scheme coming to an end.
- 5.3 There was some positive news with an increase in job postings in the Enterprise M3 area in construction, agriculture, water supply and health/social service but there were a higher number that had fallen in accommodation and food service, retail, arts and leisure and professional services and admin and support.
- 5.4 The level of start-up businesses had increased by nearly 45% compared with Spring 2018 however the number of businesses being closed had risen by just over 90% compared with Spring 2019. The Business Recovery Insights Survey carried out on behalf of the South Central Cluster surveyed 258 businesses in Enterprise M3 area. The results showed that more than 7 in 10 of Enterprise M3 based organisations continued to trade throughout the pandemic. More than a third continued trading solely through homeworking and one in five businesses now anticipated between 51-100% homeworking. The ability of organisations to work from home had made many Enterprise M3 businesses resilient.

- 5.5 The Enterprise M3 Team was now also looking at businesses facing challenges on Brexit. Over one fifth (21%) of Enterprise M3 based enterprises felt that Brexit would heighten the challenges of recovery with 12% believing it would aid recovery. Nearly half of Enterprise M3 based organisations had already made or anticipated making significant changes to their operating models.
- 5.6 The Board discussed the intelligence and it was requested that the slides were shared. Other areas of concern raised included mental health and wellbeing issues which it was acknowledged were affecting a number of different age groups. Ross McNally advised the Board that Hampshire and Surrey Chamber of Commerce were setting up a wellbeing alliance and invited Board members to get in touch if they would like to become involved.

Action to be taken	By Whom	When
Share copy of slides with Board members	Justine Davie	September 2020

6. Enterprise M3 Board Appointments and Governance

- 6.1 Mike Short updated the Board on the work of the Nominations Committee. The final stage interviews for the Non-Executive Director (NED) position would be taking place on 1 October and the Board would be asked to endorse the appointment at the November Board meeting. Recruitment for the Chair would commence following the successful recruitment of the NED post. There were a number of vacancies on the sub-groups and the Nominations Committee would work to identify appropriate Board members to fill those. Any Board member that wished to volunteer for any of the vacancies should advise Mike Short or Kathy Slack.
- 6.2 The Board agreed the appointment of Linda Cheung to Chair the Nominations Committee from November 2020. The Board agreed the appointment of Deborah Allen to Chair the Programme Management Group from November 2020. The Board agreed the appointment of Ren Kapur as the SME Lead and Enterprise Board lead. It was noted that the Enterprise M3 Team was reviewing the Enterprise and Innovation Action Group.
- 6.3 The Board was advised that there had been no nominations received from the Surrey local authority leaders to join the Programme Management Group, the Joint Leaders Board agreed that if a Surrey leader could not be identified they would consider another senior leader.

7. Assurance Framework and Articles of Association

- 7.1 The Board received a copy of the revised Assurance Framework which was reviewed regularly to ensure its compliance and to capture updates to working arrangements. The main changes to the Assurance Framework included the addition of information on the Covid-19 Sub Group, inclusion of a new exceptional circumstances amendment to allow the Chair to serve a further term of one year, update the Resources, Finance and Audit Committee governance structure and updates to reflect the internal reorganisation.
- 7.2 The Board received an updated version of the Articles of Association which were put in place when Enterprise M3 became incorporated in April 2019. The main changes to the Articles of Association were:
- Created Article 8.7 to reflect the Agreement of the Board to allow in exceptional circumstances for Board Members to serve one further term of one year up to a maximum of seven years to allow the current Chair to serve a further year on the Enterprise M3 Board. It should be noted by Members that this Article is more generic than its counterpart within the Assurance Framework in order to reduce the need to amend the Articles of Association with Companies House and to provide flexibility should a similar situation re-occur.
 - Amended wording under Article 8.8 so that variations of Article 8 can be varied in line with government guidance rather than “under the direction of government”.

- Changed the wording for the Enterprise M3 AGM to remove the requirement for a formal vote.

7.3 The Board Members agreed the changes to the Enterprise M3 Assurance Framework. The Board voted on the changes to the Articles of Association with 16 voting in favour.

8. **Growth Hub Service Delivery**

8.1 Rob Dunford presented a report setting out the progress on the proposal to bring the Growth Hub service in-house from April 2021. Issues under discussion included the formal notification of the staff subject to transfer under TUPE, the assets to be transferred and the transfer of data. The LEP was also considering work on a future operating model to integrate the Growth Hub functionality into the wider LEP operation. The next steps would be to look at the detailed design of the service and what should be the future focus and priorities of the Growth Hub taking into consideration Government ambitions for business support. Government had provided assurance for an additional £22m of funding for Growth Hubs with the potential for an additional £8m in the Comprehensive Spending Review. The Board noted the progress on the future service delivery of the Growth Hub.

9. **Capital Programme Update, Getting Building Fund and projects for consideration**

a) **Review the Capital Programme**

9.1 Rachel Barker reported to the Board on the current position with the capital programme. The programme was currently in a positive place with projects now progressing following delays experienced in the first quarter of 2020/21 due to Covid-19. Although the position was now looking more positive there was a caveat if there was a further tightening of lockdown restrictions. There had been careful monitoring over the last few months looking at delivering the capital programme and identifying the projects at risk.

9.2 The legal agreement for the North Downs Line project had been struggling to progress and it was agreed at the last Board meeting that it would be taken out of the programme, however within a week of that decision progress was made and the legal agreement was signed. The project would deliver and spend by March 2021. The Regional Cyber Security Centre project was not able to progress by Royal Holloway as originally planned however following positive discussions it had been agreed that £430k Local Growth Fund would not be subject to repayment as it formed a standalone project to support an incubation space within the University premises. The Programme Management Group had approved £100k grant funding to support investment in IT at Brockenhurst College as part of the legacy from the LEP boundary changes.

9.3 There was currently £1.4m remaining in the capital programme however experience of managing the programme was that the position would change. The team would be closely reviewing the programme to enable additional pipeline projects to be brought forward should other projects slip or not require all of the allocated funding. The Brighton Hill roundabout scheme may descope and therefore not require their full allocation and potentially £2m could be returned for reallocation. The focus of team would be to get the remaining schemes contracted with a view that any projects not contracted by November would be unlikely to be taken forward. The team was focussed to ensure funding spend was achieved by March 2021.

b) **Getting Building Fund Update**

9.4 Lee Danson reported on the current position with the Getting Building Fund programme. It was highlighted that the grant offer letter from Government had not yet been received therefore contracts could not yet be signed for any projects, however, there had been good progress made on each of the projects. The Digital Skills project was being delivered by a consortium to advance the digital estate of six further education colleges and the funding request would be brought to an additional PMG meeting in October. PMG had approved £900k for the Creative Tech Growth Booster at its meeting on 17 September. A separate item was on the agenda for an update on the Gigabit EM3 Town and Rural project which was progressing at

speed. The Park, Ride and EV Charge project was already in the pipeline and had been through diligence and approval but could not be finalised until the grant offer letter for the GBF had been received.

- 9.5 The Clean Growth Programme had been discussed by PMG and funding of £131k was agreed for one project. It was agreed that discussions would be held with the other applicants to try to secure 50% match funding which the Chief Executive could then approve to fund under delegated authority up to £100k.
- 9.6 The Board discussed the paper and noted how quickly the Getting Building Fund proposal had been pulled together and submitted to Government, yet contracts were unable to be signed as the formal funding offer had still not been received. The Board was advised that the formal offer from Government should be received the following week and the funding would be sent to the Accountable Body shortly after. The revenue funding associated with the Getting Building Fund had been delayed and was likely to be a further two-three weeks before it was sent out.

c) Future Towns Mobility Demonstrator

- 9.7 The Board received a report on an application from the University of Southampton for £960k from the Local Growth Fund for a Future Towns Mobility Demonstrator pilot project. The project was an extension to the Future Towns Innovation Hub project which had previously been approved for £2.96m funding. The pilot would be introduced in Basingstoke with the aim to drive footfall into the town centre and encourage sustainable transport use. Successful interventions could then be rolled out and deployed in other towns in the Enterprise M3 area, where appropriate. The Programme Management Group discussed the proposal and recommended that Board approved the funding.
- 9.8 The Board discussed the project and agreed to approve £960k capital grant funding for the Future Towns Mobility Demonstrator pilot project.

Action to be taken	By Whom	When
Proceed the Future Towns Mobility Demonstrator pilot project to contract.	Sue Littlemore	October 2020

d) Gigabit EM3 Town and Rural

- 9.9 The Board received a report on the Gigabit EM3 Town and Rural project which had been presented to the Board at the meeting on 30 July. Work had been carried out at pace on the development of the full business case. However, it was recognised that was a lot of work required to meet the funding deadline of January 2022. There were a number of issues still outstanding so at this meeting the Board were being asked to support grant funding of £4.5m from the Getting Building Fund in principle and release £250k to fund the detailed work required.
- 9.10 An interim due diligence report had been carried out by AECOM and the strategic case for the project was considered to be very strong with a clear rationale for the intervention and a strong economic case given the range of significant benefits. However the key areas still to be addressed included the scale of the funding package, the preferred delivery vehicle and the implementation timetable. In order for the detailed design work to be carried out to enable the Board to make a decision on the full funding request at the November Board meeting an initial release of £250k was requested. The funding would enable the work required on the detailed design of civil engineering works, detailed options work for the delivery vehicle, legal advice on state aid if required and further examination of alternative route options. The funding would be released at risk as the work could result in the final decision being that the project should not proceed, although this was felt to be unlikely.

- 9.11 The Board discussed the proposal and raised a number of questions which it was acknowledged would be addressed in the detailed design work carried out. The Board noted that the Programme Management Group had also discussed the proposal and recommended that the Board approve the proposed request.
- 9.12 The Board agreed to approve, in principle, £4.5m funding for the EM3 Gigabit Town and Rural project and to fund £250k at risk to finalise the financial and management case, addressing the key risks of the delivery vehicle and funding package. The Board noted that the £250k could not be provided from the Getting Building Fund until the formal offer was received from Government.

Action to be taken	By Whom	When
Release £250k from the Covid19 Fund or Local Growth Fund for the detailed design work on the EM3 Gigabit Town and Rural project.	Kathy Slack	October 2020
Report on the detailed design work for the EM3 Gigabit Town and Rural project to the November Board meeting	Rob Dunford	26 November 2020

10. Resources, Finance and Audit Committee Report

- 10.1 The Board received a report from the Resources, Finance and Audit Committee report which set out the current 2020/21 forecast and the medium-term position impacted by Covid-19 business disruption and Government's fiscal and monetary response. The medium-term financial position showed the reserves at £1.253m by the end of 2022/23. However, the reserves policy stipulates that reserves should be maintained at a minimum level which covers 50% of the annual operational expenditure. The reserves policy would be breached at the end of 2022/23 on the current forecast.
- 10.2 Work had been carried out to identify savings in expenditure through reducing staff costs and other running costs and seeking opportunities for securing additional income. Work would continue to monitor the risks of financial uncertainty, generate income and identify savings.

11. Government Plans

- 11.1 Richard Turl updated the Board on Government plans and current activity. The Board was advised that budget bids would be submitted for LEP capacity funding and the UK Shared Prosperity fund. However, it was highlighted that the Government had never had such fiscal constraints and was also pushing against the levelling up agenda. The Comprehensive Spending Review was still expected to happen in the autumn.
- 11.2 The key minister for LEPs and devolution agenda was now Luke Hall who replaced Simon Clarke. There had been some impact on the devolution white paper momentum, which had been drafted, however Luke Hall was now fully briefed on the white paper which would be progressed shortly. The local industrial strategies had been co-authored documents with Government but the economic recovery and renewal plans were unlikely to be co-authored. A meeting had been arranged with the Government senior sponsor Donna Leong, Dave Axam and Kathy Slack.
- 11.3 The Board thanked Richard for the update and noted that the Directors of Place had been appointed in all areas apart from the South East and South West. The levelling up agenda was acknowledged and how the LEP would need to work closely with partners to articulate the case for investment in the area.

12. Chief Executive's Report

- 12.1 The Board received and noted the Chief Executive's Report. The report showed the quantity of work currently being carried out by the team. The FSE funding escalator work was highlighted and despite a reduction in enquiries for growth loans during the Covid crisis they had now started to pick up and some opportunities had returned. FSE anticipated some near

term completions and the development pipeline was encouraging. There had been some exciting work on the UK Space Agency's Space Cluster Development project call aimed to develop the maturity of an early stage local space cluster. There had also been a vast amount of work in the games sector particularly around Guildford Games Festival which would be held on 13 and 14 November. Enterprise M3 were playing a significant role in the organisation and delivery of the Guildford Steam Page which was the storefront for digital delivery of video games. If the festival was featured on the front page of Steam it could receive >100m impressions and generate >£100k in new revenue for the featured games companies. There had been some positive investments in the Enterprise M3 area during August which included Gulfstream, Change Innovators, Blue Ocean Monitoring and Cellnex Telecom.

13. Joint Leaders Board

13.1 The Board received an update on the meeting of the Joint Leaders Board held on 17 September. The main discussion related to the devolution white paper and the planning reform. There was discussion on the housing numbers expected and the provision of business facilities. There was agreement that the Surrey leader representative for the Programme Management Group would be offered to deputy leaders. Thanks were conveyed to Cllr Keith Mans for chairing the meeting in Colin Kemp's absence.

14. EM3 Delivery Plan

14.1 The Board received and noted the EM3 Delivery Plan.

15. EM3 Sustainable Development and Equality Implementation and Action Plan

15.1 The Board received and noted the EM3 Sustainable Development and Equality Implementation and Action Plan.

16. Programme Management Group Report

16.1 The Board received and noted the minutes of the Programme Management Group meeting held on 10 and 17 September 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 conveyed their best wishes to Rachel Barker in her new role as Rushmoor Borough Council's new Assistant Chief Executive. Rachel thanked the Board for their kind wishes. Rachel had enjoyed working with the Board over the years and she hoped there would be the opportunity to work with Enterprise M3 in future in her new role.

19.2 The future Enterprise M3 Board meetings would be held on

- Thursday 26 November 2020
- Thursday 28 January 2021
- Thursday 25 March 2021