

Enterprise M3 Ltd Board Meeting

27 May 2021 – 9.30am-1.30pm

Zoom Video Conference Call

DRAFT MINUTES

Directors in Attendance

Dave Axam - Chair
Debbie Allen
Julie Baker
Virginia Barrett
Cllr Joss Bigmore
Linda Cheung
Sarah Jane Chimbwandira
Barney Ely
Ren Kapur
Stacey King
Cllr Richard Millard
Daniel Ruiz
Kathy Slack
Mark Smith

EM3 Team in Attendance

Rob Dunford
Stephen Martin
Sue Littlemore
Alex Green
Lee Danson
Kevin Lloyd
Justine Davie

Apologies

Rob Carr
Cllr Rob Humby
Jim McAllister
Ross McNally

Guests in Attendance

Richard Turl – Cities and Local Growth Unit

1. Welcome and Introductions from Chair

- 1.1 Dave Axam welcomed everyone to the meeting. In particular, Mark Smith, Vice-Chancellor at the University of Southampton, who was attending his first Board meeting. Alex Green, who had joined Enterprise M3 as the Head of Trade and Enterprise in April, was also welcomed to his first Board meeting. The Board was advised that Colin Kemp and John Ward had stepped down as Board members and replacements would be sought at the Joint Leaders Board meeting in July.

2. Minutes of the previous meetings & matters arising

- 2.1 The minutes of the meeting held on 25 March 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. A meeting had been held with Michael Gove, MP for Surrey Heath, to talk about businesses in his constituency. It was a very open and supportive discussion where he stated how much he valued LEPs as conveners. An excellent meeting had been held with university Vice-Chancellors and Mark Smith was thanked for convening the meeting. There had been some key Catalyst South meetings and it was highlighted how the LEP Network and Catalyst South had been well aligned in LEP Review work. A key area of work by Catalyst South had been on addressing the impact of the pandemic on aviation and its supply chain and a meeting was being arranged for later in June, this had also been recognised by Government as an important issue.

4. Declarations of Interest

- 4.1 In addition to all interests previously declared, the following interests were noted:

- Barney Ely, Stacey King and Deborah Allen left the conference call during the decision making on the renewal of Board membership under item 8.
- Richard Turl, Rob Dunford, Stephen Martin, Sue Littlemore, Alex Green and Kevin Lloyd left the conference call during the discussion and decision making on the appointment of the Enterprise M3 Chair under item 8.
- Richard Turl, Rob Dunford, Stephen Martin, Sue Littlemore, Alex Green, Kathy Slack, Justine Davie and Kevin Lloyd left the conference call during the discussion and decision making on the confidential report from the Nominations Committee under item 8.

5. Future Vision of the LEP and LEP Review

- 5.1 Kathy Slack provided a presentation on a draft vision for the future of Enterprise M3 LEP for the Board to discuss. The future vision had been shaped through discussion carried out between March and May with the Board, stakeholders and staff. The key themes from these discussions were shared with the Board which included working across boundaries, convening partnerships, taking a collaborative approach, being more business focussed and developing key sectors and clusters.
- 5.2 The development of the future vision was in response to the integration of the Growth Hub, changes to the economic and policy environment and the Government review of how LEPs should evolve. The vision would need to be reviewed and refined once the LEP Review had concluded and after the next Government spending review.
- 5.3 A number of statements had been developed under three key functions which were: focus; collaboration; and, culture and operations. The focus theme was orientated towards business through sharing intelligence and analysis, sector and cluster work and advice and support to businesses. The collaboration theme focussed on collaborating with purpose, engaging with business representative organisations, local authorities, colleges and universities. A meeting had already taken place with business support organisations to discuss working together. The need to carry out further work on how to better work with central Government was also identified. The culture and operations theme focussed on how the LEP operated as an organisation, building on existing strengths and becoming more agile and commercial.
- 5.4 The draft Annual Report 2020/21 set out the Enterprise M3 future ambitions to demonstrate how the vision for the future would be translated into actions. These included delivering strong economic recovery and renewal, supporting business opportunities in a low carbon economy and leading a step change in superfast digital connectivity. The ambitions reflected the Board request for net zero to be built into everything that the LEP does including supporting businesses and partners.
- 5.5 The Board discussed the future vision and thanked the team for all the hard work that had been put into pulling the information together. The Board suggested some messages that should be considered in developing the vision further which included: articulating what difference would be made by the LEP; focussing on key sectors that would make the biggest difference; adapting the language to create impact on the audience; and, highlighting where the LEP adds value.

Action to be taken	By Whom	When
Incorporate the suggestions from the Board in developing the future vision for Enterprise M3 LEP	Stephen Martin	June 2021

6. Inward Investment

- 6.1 Alex Green, Head of Trade and Investment presented an update on the current inward investment work and the future approach to trade and investment by Enterprise M3 LEP. The importance of trade and inward investment for the area was explained to the Board which included building international competitive businesses and increasing innovation in the area. The number of foreign domestic investment (FDI) successes had dropped over the last three years, although job numbers had increased. Work was needed to ensure we kept levels high

in the area. There had been range of FDI sectors coming into the area over those three years with the highest number being in tech and smart cities, financial services, software and IT and creative and media. It was recognised that the Financial Services sector was particularly strong and was an area where we might want to do more promotional work.

- 6.2 Enterprise M3 had undertaken focussed work on gaming and immersive technology, space and satellite, animal health and clean growth. This work had resulted in some great successes in the Enterprise M3 area with Guildford Games Festival which had a huge international reach, the animal health care cluster high potential opportunity and the Enterprise M3 Space Hub.
- 6.3 The impact of Brexit and Covid had not yet been realised but there were future trade agreements to be developed. Foreign investment would play a major role in reshaping the economy in the area and would be a key focus by pitching the strengths of the area to the right companies in the right markets to target investment. There was a need to ensure there was a clear picture of the core sector strengths, diverse marketplace, geographical position and skills available in the area. It was important that our location would stand out against other UK regions to hopefully result in increased business growth and investment.
- 6.4 Future work for Enterprise M3 would be to identify overseas trading partners for future trade agreements which would require close working with the Department for International Trade (DIT). The Enterprise M3 website would be developed to set out the offer for the region including sector propositions, highlighting the quality of life, opportunity for collaborating with partners and the support available with access to finance.
- 6.5 The Board discussed the presentation and welcomed the proposed way forward. It was felt that more needed to be done to showcase the successes in the region. There was a request for further data on the scale of jobs and GVA from the FDIs in the area as well as data on the investments that cross different sectors. Discussions would be held with DIT to get a further breakdown of the data. There was also a request for case studies on the FDI in the area to help articulate the story.

Action to be taken	By Whom	When
Seek additional data on the scale of jobs and GVA from the FDI in the Enterprise M3 area and investment that crosses different sectors	Alex Green	June 2021
Request case studies on the FDI in the area	Alex Green	June 2021

7. AGM and Annual Report

- 7.1 The Board received an update on the preparations for the Annual General Meeting (AGM) and the Annual Report. A short sample of the Annual Report was shared to give Board members an idea of the look and feel. The style of the Annual Report was more future focussed, demonstrated the joining up of the ambitions, shared key facts and figures and some case studies.
- 7.2 The Board discussed the Annual Report and in general agreed that it looked very impressive. Some areas to consider for inclusion was more visual impact on the outputs that had been produced from the funding to demonstrate how much had been achieved.
- 7.3 The AGM preparation was going well and there were nearly 200 attendees signed up to attend with half of those from businesses. The keynote speaker would be announced shortly and the topic of the speech would be business and job opportunities in a low carbon economy.

Action to be taken	By Whom	When
Share the sample Annual Report PDF with Board members	Justine Davie	June 2021

8. Enterprise M3 Board Appointments and Governance

- 8.1 Linda Cheung updated the Board on the work of the Nominations Committee which last met on 12 May. There were currently three vacancies for local authority Board members as Cllr John Ward stood down as Leader of Waverley Council, Cllr Colin Kemp had stepped down following the results of the May 2021 elections and Cllr David Clifford stood down from the Board after his initial three-year term had ended. It had been agreed that nominations for new local authority Board members would be sought at the Joint Leaders Board meeting in July. The Board were advised that Surrey County Council would be putting Natalie Bramhall, councillor for Reigate and Banstead, forward to the Joint Leaders Board to be appointed as an Enterprise M3 Director.
- 8.2 The Board was asked to consider the renewal of terms of office for Barney Ely, Stacey King and Deborah Allen who had completed their initial term of three years on the Enterprise M3 Board. The Board unanimously agreed the appointment of Barney Ely, Stacey King and Deborah Allen for a further three years until May 2024.
- 8.3 The Board considered a confidential report on the appointment of a new Enterprise M3 Board Chair. Following a comprehensive and robust recruitment exercise, final interviews were held on 21 April. The interview panel consisted of Linda Cheung, Rob Humby, Deborah Allen and Kathy Slack who agreed the preferred candidate as Michael Queen. The Nominations Committee discussed the appointment on 12 May and unanimously agreed to recommend the appointment to the Board.
- 8.4 The Board discussed the appointment and noted the thorough and robust recruitment process that had been carried out. The Board unanimously agreed the appointment of Michael Queen as Chair of the Enterprise M3 Board from 1 August 2021 for an initial three-year term. The Board also agreed the list of deliverables for the Chair role which were circulated.
- 8.5 A formal appointment letter would be sent from Linda Cheung to Michael Queen to confirm the appointment and one to one meetings would be set up with each Board member. Group sessions would also be set up with the new Chair on specific areas such as finance, the priorities of Revive and Renew and the Gigabit EM3 Town and Rural project.
- 8.6 Dave Axam presented a confidential paper to the Enterprise M3 Board and the Board endorsed a recommendation on the Chief Executive's salary.

9. Enterprise M3 Delivery Plan

- 9.1 Lee Danson presented the key areas of the Delivery Plan for the Board to consider and endorse before publication in June 2021. The Delivery Plan was a requirement from Government for LEPs to produce and publish on their website but was also a tool which set out what would be delivered in 2021-22 and would enable monitoring of progress to be carried out each month. The Delivery Plan was also aligned to the Revive and Renew Action plan.
- 9.2 The Board was asked to consider the strategic aims, the overall picture of the LEP, the activity milestones and the outputs and KPI's. The strategic aims aligned with the LEP Review. The Enterprise M3 portfolio provided a snapshot of the high-level work on strategy, delivery themes, cross-cutting programmes and enabling delivery. Further detail on the delivery by quarters was also set out along with the key output summary.
- 9.3 The Board noted the work on the on the Enterprise M3 Delivery Plan 2021/22 which would be approved by the Chief Executive for publication in June.

10. Resources, Finance and Audit Committee Update

- 10.1 Kathy Slack reported on the final outturn position for 2020/21 on both revenue and capital funds and the current 2021/22 forecast and updated 2021-2024 Medium Term Financial Plan. As at 31 March 2021 there was £3m in the revenue reserves and £27m in capital funds. The revenue funds finished with a surplus of £237k which was mainly due to a reduction in staff cost and additional investment from Government for some activity. The capital funds showed

£53.2m spend in 2020/21 which meant 100% delivery had been achieved of the total Local Growth Fund awarded.

- 10.2 The forecast Medium Term Financial Plan showed that reserves were at an adequate level to cover activity in 2021/22 and 2022/23. However ongoing planned expenditure exceeded income by around £500k per year and by the end of March 2024 the reserves were predicted to fall below the minimum level. Options for further savings and generating additional income were being explored. Forecasts were based on assumptions that the capital funding programme was much reduced but that core funding from Government and local authority partners continued at existing levels. Core funding from Government for both the LEP and Growth Hub was currently only confirmed to March 2022. If funding was reduced by 50% from next year the minimum reserves level would be breached during the next financial year.
- 10.3 The forecast and plans would be updated following the outcome of the LEP Review and the Comprehensive Spending Review. The team would continue to work on the plans for income generation. The Resources, Finance and Audit Committee would continue to oversee the budget, manage risk and keep the Board informed. The Board agreed the final outturn 2020/21 position on both the revenue and capital funds held by Enterprise M3 LEP. The Board noted the current 2021/22 forecast and updated 2021-2024 Medium Term Financial Plan and the associated key financial risks.

11. Income Generation Study

- 11.1 The Board received a report on the work that had been carried out exploring income generation options which was relevant to both future budget planning and the future vision for the LEP. The review had examined existing EM3 income generation practices and operating guidelines and restrictions as well as a wide range of other options including investments and selling services. Discussions had been held with other organisations, including a number of other LEPs within Catalyst South. Further work would be carried out internally to explore specific areas which could be developed to sell services followed by informal discussions with partners to test potential interest. Consideration would be given to whether any external research or consultancy was required to support the development phase. The Board noted the work being carried out on exploring income generation options.

12. Capital Programme and Getting Building Fund Updates

a) Capital Programme Update

- 12.1 The Board received a report on the current position with the capital programme. The Local Growth Fund (LGF) had concluded at end March 2021 and the required spend of £48.6m had been achieved in 2020/21. Due to the use of loan repayments the capital programme had been overallocated therefore there was still a significant capital programme to be delivered during 2021/22 alongside the remainder of the Getting Building Fund programme.
- 12.2 The KPI's showed that the full LGF expenditure of £219m had been achieved as well as the 2020/21 target of £48.6m. The output KPIs showed that despite a challenging year both the learning floorspace and new homes targets had been exceeded, with apprenticeships, commercial floorspace and jobs created falling slightly short of target. Monitoring of project outputs for the LGF programme would continue until 2025 and some further evaluation work on the LGF projects would be undertaken.
- 12.3 The funding available to support new projects was £25.6m which included previous loan repayments already received plus those expected in 2021/22. Of that £25.6m, £22.9m was contractually committed and £2.5m was subject to contract which left just £200k funding not yet committed. An updated forecast of loan repayments expected from 2022/23 onwards would be provided at the July meeting. The Board noted the capital programme year end position and funding available for projects to be delivered in 2021/22.
- 12.4 Stephen Martin presented to the Board on the successes of 2020/21. In the last year, 23 new projects had been approved with a value of £22.4m. The full LGF allocation was utilised by

the end of March. The Getting Building Fund was launched in June with only 8 days to pull together a programme, with Enterprise M3 LEP being awarded £13.3m. Overall, the capital programme to date had supported 6,555 jobs, 3,949 homes, 45,941m² of commercial floorspace, 32,624m² of learning floorspace and 2,320 apprentices. There were 130 projects and programmes in total which, with the match funding provided plus all Government funding and loan repayments, represented an investment of £726m in the region.

Action to be taken	By Whom	When
Provide an update on the loan repayments expected from 2022/23 to the July Board	Stephen Martin	29 July 2021

b) Getting Building Fund Update

12.5 The Board received a report on the current position with the Getting Building Fund programme. All projects were contractually committed with the exception of Gigabit EM3 Town and Rural, and there had been good progress made on the delivery of some projects. The Digital Skills project had been largely completed and had delivered substantial benefits to the learners at six colleges in the consortium. The Clean Growth projects had seen the majority of work delivered in the first year of the programme. The Waverley project had been removed from the Clean Growth programme due to a lack of match funding.

12.6 The Group was advised that Winchester City Council had reported a significant underspend in 2020/21 on the Vaultex Park and Ride project due to a major planning decision being delayed until April. The project had now received planning permission and a revised timetable had been provided. Discussions had taken place with Government on the implications of the underspend and options for mitigation. A change request had been submitted and was being considered by Government to move some projects from the capital programme to the Getting Building Fund programme which would ensure delivery and spend was met by March 2022. The Board noted the progress in delivering the Getting Building Fund programme.

13. Gigabit EM3 Town and Rural

13.1 The Board received a confidential report which set out the current position with the Gigabit EM3 Town and Rural project. The route had been subject to a full survey and detailed design and the final, optimised route was now complete. The financial model was complete with the cost of the full project set at £9.98m. The cost included a contingency budget and an amount of £1.37m for revenue costs, which could be capitalised. Work was now underway to identify options to address the funding gap. Legal advice had been sought which determined that public funding would not be classed as a subsidy under WTO rules. The full business case was now substantially complete and, following some editing, would be submitted to AECOM for further due diligence by the beginning of June.

13.2 The Sounding Board would be considering the remaining issues over the coming weeks and PMG would consider the business case before making a recommendation to the Board. It was proposed that a separate meeting of the Board was convened to share the detail of the work carried out before Board considered the project for approval in July. All Board members were urged to attend this additional important meeting.

13.3 The Board noted the update and agreed to attend an additional Board meeting dedicated to the Gigabit EM3 Town and Rural project.

Action to be taken	By Whom	When
Set up an additional Board meeting to receive details on the work carried out on the Gigabit EM3 Town and Rural project	Justine Davie	June 2021

14. Government Plans

14.1 Richard Turl provided a verbal update and advised the Board that the Levelling Up White Paper was scheduled for publication in the Autumn, this would supersede the Devolution White

Paper, and covered a much wider remit. There had currently been no decisions made on the LEP Review. BEIS was in support of LEPs generally and was supportive of the proactive steps being taken. The main focus of the CLGU was on the Levelling up Fund and Community Renewal Fund, liaison was now required with local authorities for assessing bids which had resulted in a huge increase in workload.

15. Chief Executive's Report

- 15.1 The Board received and noted the Chief Executive's report. The headlines from the economic intelligence showed that in April economic growth was up in the Enterprise M3 area on the UK average. The employment rate in Enterprise M3 was at 80%, however 13% of employees were still furloughed. In general, the intelligence gathered provided a relatively positive picture for the Enterprise M3 area.
- 15.2 The Government was launching a 'Together for our Planet' campaign on 28 May aimed at SME's to lead the charge to net zero. There had been a lot of activity to get the information out to businesses at short notice. The information would be shared with Board members to send out to their contacts.
- 15.3 There had been some significant involvement in supporting Local Skills Improvement Plan bids which resulted in a bid from Hampshire Chamber of Commerce for the Solent area and a bid for colleges. Surrey Chamber of Commerce had also submitted a bid with some colleges in Surrey. Enterprise M3 LEP had supported a proposal for colleges in the area. There had been a huge resource implication by ourselves and partners for submitting the bids for which only six trailblazers would be successful.
- 15.4 The Careers and Apprenticeship Show 2021 had taken place on 20 May. The show had been organised jointly by Enterprise M3, Dorset and Solent LEPs. The event had been a huge success with 16,000 students in attendance, 64 employer booths and 21 speakers.

Action to be taken	By Whom	When
Share the 'Together for our Planet' campaign information with Board members	Kathy Slack	June 2021

16. Joint Leaders Board

- 16.1 Joss Bigmore provided a verbal update on the meeting of the Joint Leaders Board held on 20 May. There had been a discussion on the recent election results and the JLB members all thanked Colin Kemp for his role as chair. There was discussion on the LEP Review and JLB were in support of the co-ordination and convening role carried out by LEP's and there was endorsement for collaborative working too.

17. Programme Management Group Report

- 17.1 The Board received and noted the minutes of the Programme Management Group meeting held on 13 May 2021.

18. EU Programme Update

- 18.1 The Board received and noted the progress on the EU Programme.

19. Forward Programme

- 19.1 The Board received and noted the Forward Programme.

20. Any Other Business

- 20.1 Kathy Slack advised the Board that this would be Dave Axaam's last Board meeting as he was unable to attend the July meeting, which would be chaired by Deborah Allen. Kathy thanked Dave on behalf of the Board for his energy and enthusiasm as Chair over the last 3 years. A formal event for the Board to say goodbye to Dave would be arranged for July.

20.2 The future Enterprise M3 Board meetings would be held on:

- Thursday 29 July 2021
- Thursday 30 September 2021
- Thursday 25 November 2021
- Thursday 27 January 2022
- Thursday 31 March 2022

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