

DRAFT MINUTES

Directors in Attendance

Michael Queen - Chair
 Debbie Allen
 Julie Baker
 Virginia Barrett – *via Zoom*
 Cllr Joss Bigmore
 Linda Cheung
 Sarah Jane Chimbwandira– *via Zoom*
 Cllr Rob Humby
 Ren Kapur – *via Zoom*
 Stacey King
 Jim McAllister – *via Zoom*
 Ross McNally – *via Zoom*
 Cllr Richard Millard – *via Zoom*
 Daniel Ruiz
 Kathy Slack

EM3 Team in Attendance

Rob Dunford
 Sue Littlemore
 Justine Davie

Apologies

Barney Ely
 Mark Smith

Guests in Attendance

Rob Carr – HCC Accountable Body
 Anne Hibbert – HCC Accountable Body
 Richard Turl – Cities and Local Growth Unit
 Andrew Holder – Bank of England
 Cllr Tim Oliver – Surrey County Council – *via Zoom*
 Cllr Nick Prescott – Runnymede Borough Council
 Cllr Phil North – Test Valley Borough Council

1. Welcome and Introductions

1.1 Michael Queen welcomed everyone to the meeting. In particular, Andrew Holder from the Bank of England who was presenting to the Board on the UK Economy, and Cllr Tim Oliver, Cllr Nick Prescott, Cllr Phil North and Anne Hibbert who were attending their first Board meeting.

2. Minutes of the previous meetings & matters arising

2.1 The minutes of the meeting held on 29 July were agreed and the actions noted. The action to report back to the Board on the EM3 diversity approach would be brought the next Board meeting in December.

Action to be taken	By Whom	When
Julie Baker to work with Kathy Slack on EM3 diversity approach and report back at next Board meeting	Julie Baker/ Kathy Slack	2 December 2021

3. Declarations of Interest

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

- Cllr Tim Oliver and Jim McAllister left the video call and Cllr Nick Prescott and Cllr Phil North left the meeting room during the decision making on the Board appointments under item 8.

4. Chairs Report

4.1 Michael Queen reported on the activities and events undertaken since he started in his role as Chair on 1 August 2021. Introductory meetings had been held with Board members and key partners and Michael thanked everyone for giving up their time to meet. Some in person visits had also taken place including a day in Andover hosted by Cllr North, a morning with the

Basingstoke and Deane Borough Council Leader and Chief Executive and meeting with Mark Smith at Southampton Research Park, which included taking part in the Topping Out Ceremony for the Future Towns Innovation Hub.

- 4.2 In a meeting Michael had attended on the location of a UK Sustainable Food Cluster, the excellent work the LEP had been leading on with the Animal Health Sector was given as an example of what could be achieved with close partnership working. It was acknowledged that the LEP Review was casting a shadow over the good work the LEP was doing, and could be doing, and that progress was being stalled. Meetings were being held with MPs and local authorities to demonstrate that the LEP was a powerful convening organisation and to request their assistance to influence the LEP Review where possible.

5. Government Plans

- 5.1 Richard Turl reported to the Board on the current focus for Government. Michael Gove had been appointed as the Secretary of State for the new Department for Levelling Up, Housing and Communities which had meant progress on the Levelling Up White Paper had paused while there was some reflection on the way forward. There was also a new Chief Secretary to the Treasury and their view was also not yet clear. Andy Haldane had been appointed as Permanent Secretary working directly to the Prime Minister and Michael Gove. It was the Government's ambition to publish the Levelling Up White Paper this year and it was anticipated that would be around the time of the Spending Review (SR), but this had yet to be confirmed. The LEP Review had also paused while Michael Gove reflected on the decisions made by the former Secretary of State, Robert Jenrick. It was acknowledged that the current uncertainty around the LEP Review and future funding was unsettling for LEPs and staff in particular.
- 5.2 Ministers would be carrying out further engagement on County Deals and would be setting out the next steps shortly. The SR had been announced to conclude alongside the Autumn Budget on 27 October, this could also include the announcement on the Levelling Up funding and other funds too. If the Levelling Up White Paper was published an announcement on the LEP Review was also expected.
- 5.3 The mid-year conversation had been held at the end of September to review performance of Enterprise M3 LEP to date. The conversation was very positive and reflected well on the work and outputs the LEP had delivered. Particular highlights which reflected well on Enterprise M3 and the Board included the revolving Local Growth Fund, the work with the Department for International Trade and cluster and sector work.
- 5.4 The Board discussed the information received and whether there was more that the LEP and Board Directors could be doing to influence the LEP Review and SR outcome. It was proposed that lobbying MPs and Ministers would have the most impact. It was suggested that contact could be made with MPs through local authorities if they were not responding directly to the LEP. It was also proposed that contact should be made with Andy Haldane.

Action to be taken	By Whom	When
Continue to lobby MPs and other key influencers for support and to influence Government decisions	Kathy Slack/ Michael Queen	October 2021

6. Chief Executive's Report

- 6.1 The Board received and noted the Chief Executive's report. It was acknowledged that work on the LEP Review had occupied a large amount of time but the team were continuing to work hard on delivery. It was highlighted that there had been a quick response by Stephen Martin to support a company in submitting a bid to innovate to help secure investment from overseas. The bid writing programme developed by Rob Dunford was proving successful.
- 6.2 A number of performance reviews had been held recently with positive reports from the mid-year conversation and Careers and Enterprise Company (CEC) review. The Growth Hub review was being held the following week. The Growth Hub had started to deliver targeted programmes for female entrepreneurs, start-up tech companies and young entrepreneurs,

working with the UK Space Agency, NatWest Bank, and Portsmouth and Royal Holloway Universities. The Growth Hub were helping promote the Government backed Help to Grow programme being delivered by Business Schools. The performance review for the CEC team had been extremely positive. A member of the CEC team had been employed to be the sales front for the organisation and the Enterprise M3 model was being rolled out by CEC and was now operating in 13 other locations.

- 6.3 Ren Kapur had been invited to join the Enterprise Nation Strive Learning Network representing the LEP Network.
- 6.4 The Trade & Investment work continued to grow, the work with embassy networks had really taken off and there had been significant work with local authorities to land companies in the Enterprise M3 area. The latest DCMS report published at the end of September on assessing UK's digital landscape mentioned Guildford Games festival which was taking place on 6 December. Partnership work had been taking place to submit a bid for £80k for a Local Space Cluster Development Project which would enhance the profile of the Surrey Hampshire Space Hub, increase trade and investment activity and drive Foreign Direct Investment. There was significant activity taking place in the Animal Health sector, working with the University of Surrey on a joint marketing strategy to promote the local sector internationally.
- 6.5 There had been increasing activity around the upcoming COP 26 in Glasgow and the LEP had a role working with businesses to get involved and pledge a commitment to reduce emissions.
- 6.6 There had been positive news for the EZ at Longcross with Netflix leasing the site from Aviva Investors, Netflix had already located at Shepperton studios. Any increase above the baseline business rates would come back into the area.
- 6.7 The communications team had been working at pace setting up meetings with a number of MPs and producing briefings. There had also been lots of activity on social media channels to engage with businesses and send messages out.
- 6.8 The Board noted the Chief Executive's report. The amount of work being carried out by the team, despite the uncertainty around the LEP Review and funding, was acknowledged by the Board. It was highlighted that staff needed to be supported during this difficult period. The Board were advised that there were measures in place to keep in regular contact with staff, weekly full team meetings were held and a face-to-face team event was planned for mid-October. A staff development programme was also being planned to be carried out over the next few months.

7. Bank of England – UK and Regional Economy

- 7.1 Andrew Holder, Bank of England Agent for Central Southern England presented to the Board on the Bank of England (BoE) view on the UK and regional economy. The main role of the agents for the BoE was to talk to businesses in the region and report back to the Monetary Policy Committee on what happening on the ground. The Board were advised on the UK position on interest rates and GDP and the future forecast. Information was also shared on the housing market and business recovery.
- 7.2 The Board discussed the economic position and the impact on the Enterprise M3 region. It was highlighted that intelligence showed that businesses reported similar issues across Europe. The factors that had caused the recession due to Covid had not been experienced before and it was how businesses dealt with recovery which would determine how quick the recovery would be. The Chair thanks Andrew for the presentation.

8. Enterprise M3 Board Appointments and Governance

- 8.1 The Board received a report on the work of the Nominations Committee and the current appointments which required approval. The Joint Leaders Board (JLB) held on 20 September discussed the local authority vacancies on the Enterprise M3 Board and put forward representatives to fill those vacancies. The Board agreed the appointment of Cllr Tim Oliver, Leader of Surrey County Council to join the Enterprise M3 Board from 1 October. The Board

also agreed the appointment of Cllr Nick Prescott, Leader of Runnymede Borough Council and Cllr Phil North, Leader of Test Valley Borough Council to join the Board from 1 October. Jim McAllister had confirmed he wished to renew his term as a director for a further 3 years, the Board agreed the renewal of Jim McAllister's term until 30 July 2024.

9. Gigabit EM3 Town and Rural Project

- 9.1 The Board considered the confidential report on the proposed approach to the Gigabit EM3 Town and Rural Project and the recommendations from the Programme Management Group (PMG) on the next steps. The Board had requested at its meeting in July, that the approach adopted for the project: minimised the risk to the LEP and Board members from liabilities; secured investment in, and delivery of, the project by other organisations; optimised the use of LEP funding and examined scope for some return; and, proceeded expeditiously to bring the project to market so that the benefits could be realised as fully as possible. Therefore, the proposals pursued had taken these elements into consideration.
- 9.2 PMG discussed the proposals at its meeting on 16 September and were supportive of the overall approach. PMG agreed that the Joint Venture would be a lengthy process and therefore the focus should be on the co-investment approach. It was also recommended by PMG that soft marketing testing should be carried out to maintain momentum but would wait until the outcome of the LEP Review was known before entering into any formal process.
- 9.3 The Board discussed the recommendations and commended Rob Dunford and the team on their ability to move at pace and change the direction of travel since the last Board meeting. The Board agreed:
- i) the proposed approach to taking forward the project through a procurement process and the co-investment approach (and therefore not carrying out further work on a JV option);
 - ii) the proposed approach to the use of LEP funding in the procurement process; and,
 - iii) that soft market testing should follow immediately after Board agreement on the approach to procurement to maintain momentum.

Action to be taken	By Whom	When
Progress soft market testing for the Gigabit EM3 Town and Rural project	Rob Dunford	October 2021

10. LEP Review and Implications for Future

- 10.1 The Board considered a confidential report on the current position with the LEP Review and discussed implications and scenarios for the future of the LEP. It was recognised that there was an incredible period of uncertainty relating to the LEP Review, Levelling Up and County Deals. All of these would come together in the SR on 27 October, although it was not clear how much detail would be provided on how funding would be split. It could be the end of December before the detail was provided and it was going to be difficult to manage staff expectations in the meantime.
- 10.2 The Board discussed potential scenarios which could be the result of the LEP Review including a reduction in funding, changes to the service provision or changes to the geography. It was acknowledged that there could be a reduction in funding as Government were looking to make savings. The Growth Hub could continue in some form and depending on funding, could act as a business body focussing on business support, innovation, net zero, skills and global activity. Enterprise M3 LEP had revenue funds available which could enable it to continue operating for 18 months before it would need to start thinking about making changes. Enterprise M3 LEP also had some capital funding available due to the repayment of loans. Discussions were taking place with other LEPs on possible areas for joint working and taking advantage of different skill sets. Until the outcome of the SR and LEP Review was known it was difficult to plan for the future.

- 10.3 The Board discussed the report and agreed that the changes could create opportunities to deliver an even better service. There could be opportunities to align with County Deals or work with other areas/LEPs to provide a more centralised function. Other options suggested included working with other LEPs on cluster/sector work and providing expert support to local authorities on inward investment. It was proposed that a Board meeting was convened for early November to run through any implications arising from the SR.

Action to be taken	By Whom	When
Set up a Board briefing session to discuss the implications from the SR	Justine Davie	November 2021

11. Resources, Finance and Audit Committee Update

- 11.1 Debbie Allen provided an update from the Resources, Finance and Audit Committee on the 2021/22 revenue budget forecast and medium-term financial stability, including ongoing income generation work. The Enterprise M3 revenue funding was in a good position for the next two years. Plans were able to be carried out in 2021/22 and 2022/23 with the reserves remaining at a sufficient level to cover activity. However, ongoing planned expenditure exceeded income by around £0.5m per year and by the end of March 2024 the reserves were predicted to be £0.26m below the minimum level set by the reserves policy. If there were to be a reduction in core Government funding the minimum reserves level would be breached much earlier.
- 11.2 The team was already exploring options to generate additional income. The first priority was to retain existing funding contributions from partners and then look to generate further income by offering support to partners, focussing on support to businesses and enabling economic growth. RFAC would continue to work on income generation plans and as the future direction of LEPs was clearer, ensure the right resources were available to respond to new challenges. The Board noted the current 2021/22 forecast and medium-term position and the work taking place to address financial stability in the medium-term.

12. Capital Programme Update

- 12.1 Kathy Slack provided an update on the current position with the Capital Programme. The Local Growth Fund was complete and the capital programme was now funded by loan repayments and the Getting Building Fund. Updates were provided on some of the projects that had experienced delays. Basing View Living Lab had been delayed due to difficulties in procuring a contractor, this had now been resolved and the project was moving forward and due to draw funding down by March 2022. The first phase of the Future Towns Mobility Demonstrator had been completed but the second phase would not go ahead as the feasibility stage raised concerns that meaningful outputs could not be achieved in the allotted time period. There had been a challenge submitted, as part of the judicial review process, on the Vaultex project. Winchester City Council were proceeding with the project and regular meetings were being held with the project team to monitor progress closely. The Simpleworking Future Workspace pilot was unlikely to proceed as the applicant had been unable to secure a suitable location.
- 12.2 The mid-year review had gone well. There was a reminder on the importance of maintaining a diverse board. There were currently 7 female Board members out of 20 which was just above the requirement of 33% but that requirement would increase to 50% by 2023. The Board noted the update on the capital programme.

13. Joint Leaders Board

- 13.1 Cllr Joss Bigmore provided a verbal update on the meeting of the Joint Leaders Board (JLB) held on 20 September. The JLB appointed Tim Oliver, Nick Prescott and Phil North to the Enterprise M3 Board. There had been some preliminary planning for the scrutiny meeting in November which would be chaired by Cllr Dave Neighbour, Leader of Hart District Council. Michael Queen provided an update on his first two months of being Chair of Enterprise M3,

Kathy Slack provided an update on the LEP work and Rob Dunford gave an update on the Gigabit EM3 Town and Rural project. The JLB supported all of the work of the LEP and the LEP had provided a paper containing key messages for local authority Chief Executive's and Leaders to spread to their networks and contacts.

14. Enterprise M3 Economic Position – latest economic dashboard

14.1 The Board received and noted the latest Enterprise M3 Economic Dashboard.

15. Programme Management Group Report

15.1 The Board received and noted the minutes of the Programme Management Group meeting held on 16 September 2021.

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 The future Enterprise M3 Board meetings would be held on:

- Thursday 2 December 2021
- Thursday 3 February 2022
- Thursday 7 April 2022
- Tuesday 24 May 2022
- Thursday 4 August 2022
- Thursday 6 October 2022
- Thursday 1 December 2022
- Thursday 2 February 2023
- Thursday 6 April 2023