

Enterprise M3 Ltd Board Meeting

7 April 2022 – 10.00am-1.30pm

Zoom Video Conference Call

MINUTES

Directors in Attendance

Michael Queen
Debbie Allen – In the Chair
Julie Baker
Virginia Barrett
Cllr Joss Bigmore
Linda Cheung
Sarah Jane Chimbwandira
Cllr Rob Humby
Stacey King
Cllr Nick Prescott
Daniel Ruiz
Kathy Slack

EM3 Team in Attendance

Sue Littlemore
Fiona McMurray
Stephen Martin
Kevin Travers – Item 10 only

Apologies

Barney Ely
Ren Kapur
Ross McNally
Cllr Richard Millard
Cllr Phil North
Cllr Tim Oliver
Mark Smith

Guests in Attendance

Steve Coburn – Project Five Ltd – Item 10
Anne Hibbert – HCC Accountable Body
Jack Tompkins – James Lange Lasalle Item 10
Richard Turl – CLGU
Kelly Hillman – Homes England - Observer

1. Welcome and Introductions

- 1.1 Debbie Allen welcomed everyone to the meeting and confirmed that Michael Queen was in attendance but due to loss of voice she would act as Chair for the meeting.

2. Minutes of the previous meetings & matters arising

- 2.1 The minutes of the meeting held on 3 February 2022 were agreed and the actions noted as completed.

3. Declarations of Interest

- 3.1 There were no further additional declarations of interest to those previously declared.

4. Chairs Report

- 4.1 Michael Queen's report on the activities and events undertaken since the last Board meeting were noted by the Board.

5. Chief Executive's Report

- 5.1 Kathy Slack highlighted the major achievements from the Delivery Plan. The capital programme budget had been spent but some of projects had moved to Amber or Red status one of which included the Gigabit project. The LEP was in discussions with Hampshire County Council on the procurement route to deliver the Gigabit project which would be most suitable for both the Accountable Body and the LEP. The Clean Growth pilot evaluation and CO2 emissions methodology were delayed as a result of the departure of the Clean Growth Sector Specialist.
- 5.2 It was suggested that there was a need to reconsider some elements of the plan in the light of reduced funding from Government. For example, the Diversity in Business project due to changes within the Growth Hub team.

- 5.3 Kathy directed Board members to the information provided in Item 15 on the EM3 economic position. The Board discussed alternative approaches to define how the LEP should measure and track CO2 emissions and reduction utilising the expertise of government bodies or organisations. Sue Littlemore highlighted that this was a strategic priority for the LEP and a recent discussion had started with Sarah Jane Chimbwandira on how to take this forward and conversations with other Board members would be welcomed.

Action to be taken	By Whom	When
Investigate the methodology that BEIS utilise in relation to CO2 emissions	Richard Turl	24 May 2022

6. Future Role and Funding of LEPS

- 6.1 Kathy Slack informed the Board that the Government had provided the funding letter for the 2022/23 financial year on 31 March 2022 and shared the key points. The letter set out the clear expectations the Government had for LEPS: whereby LEPS were integrated into local democratic institutions over a timeframe linked to devolution across local government and to provide an independent business voice. Expectations in the Government letter included providing an embedded strong business voice, independent and diverse local business voice, carrying out strategic economic planning and continuing to deliver a number of functions on behalf of government departments. These were all in line with plans the Enterprise M3 team had already identified.
- 6.2 The budget allocation was shared and it was highlighted that funding was not enough to support all of the activity the LEP had undertaken in the past. The strategic vision and direction for the LEP was to drive low carbon and high growth with a further seven areas of focus which were shared with the Board for discussion. There were still important elements of activity that would be key, such as inward investment support and the Careers and Enterprise service as it developed into a Careers Hub. The Growth Hub services had been reduced in some neighbouring LEPS but Enterprise M3 wanted to not only retain business services but also grow support that would develop sectors and clusters.
- 6.3 Board members discussed the information provided including whether there was an opportunity for Enterprise M3 to pick up delivery of some areas of work from other LEPS. It was highlighted that the low carbon high growth agenda had significant potential to help identify where business in the area were on their low carbon journey and to ensure any Enterprise M3 offer complemented work already underway. Opportunities for further income generation was discussed and it was expected that Government would be looking for LEPS to become more sustainable in future. Enterprise M3 was in a good position to be able to generate income from programmes such as the Enterprise Zone and Fibre Spine.
- 6.4 Richard Turl advised that the Government expectation of LEPS this year was relatively light touch in the short term with the preparation of Delivery Plan for this year required by end of June 2022. Performance metrics would be developed for the following year, working with the LEP Network, which would feed into the 2023/24 Delivery Plan which would be submitted in November 2022.
- 6.5 The Board endorsed the overall vision but was keen that the LEP prioritised the actions to be delivered. It was important for the LEP to focus on fewer things that could be undertaken well rather than trying to take on too much and struggle to deliver. A separate workshop would be arranged in May to discuss the vision, future focus and priorities.
- 6.6 Kathy Slack then turned to the Revenue Budget for 2022/23 financial year. The funding confirmed by Government to the LEP for both core activities and the Growth Hub was lower than the previous year. The LEP would need to make savings of £1.2 million over the next three years to remain above its minimum reserves level. There were assumptions and risks made beyond 2022/23 including the level of Government funding, partner contributions, interest rates and staff resources. The view from the Resources, Finance and Audit Committee was that the LEP should not seek to achieve a high level of efficiencies too early which would

mean there was insufficient capacity to deliver on key areas of work. A review of the reserves level had been requested.

- 6.7 The Board discussed the supplementary paper which had been circulated on the longer term direction for LEPs and the integration into local democratic institutions. Further information had been sought from the LEP network on different models for future arrangements and discussion would be held with the County Councils on their approach to County deals. The Board discussed the options in the paper and it was agreed an options paper should be prepared for discussion with both Surrey and Hampshire.
- 6.8 The Board acknowledged the support needed for staff while going through a transition period and it was agreed that it was important to be transparent with staff. It was suggested that Board members and senior staff at Hampshire and Surrey be approached to provide mentoring support for staff.

Action to be taken	By Whom	When
Set up a workshop session for the Board to discuss future vision, future focus and priorities	Kathy Slack	29 April 2022
Board members and senior county council staff to be approached to provide mentoring support for staff	Kathy Slack	24 May 2022
Invite Board members to future team meetings and invite staff to observe at future Board meetings	Kathy Slack	24 May 2022

7. Government Plans

- 7.1 Richard Turl reported to the Board on the current focus for Government. The funding allocation was a positive outcome, even though had been a reduction, it was delivered against a very tight budget. The Annual Performance Review letter was due to be sent out shortly and Enterprise M3 would be rated as 'met' on all areas which was the highest possible rating. The Government devolution focus would be on the 9 areas already announced in the Levelling Up White Paper with some deep dives with the Mayoral Combined Authority areas. It was acknowledged that both Surrey and Hampshire were keen to secure a deal but due to capacity constraints it was unclear when other deals would be taken forward.
- 7.2 Levelling Up fund round 2 had been announced, there was £3.1bn left in the fund but there could be further rounds, local authorities were encouraged to apply by 6 July. The UK Shared Prosperity Fund was due to be announced imminently after the local elections, this was a fixed sum allocated to local authorities rather than a competitive bidding process, it was not likely to be a significant amount for local authorities in the South East. £129m of the UKSPF funding would be used for Multiply the new UK-wide digital platform for adult numeracy.

8. Resources Finance and Audit Committee Update

- 8.1 Debbie Allen reported that RFAC had met the day before on 6 April 2022 and key elements of the discussions had been included within the information in Item 6. Further work would be carried out on preparing a detailed budget and reserves plan for this financial year and the final budget would be brought to the next meeting of the Board for approval.

Action to be taken	By Whom	When
Final budget for the 2022/23 financial year to be prepared by RFAC for consideration by the Board	Debbie Allen	24 May 2022

9. Capital Programme Update and Future Capital Fund

a) Capital Programme

- 9.1 The Board noted the Capital Programme update paper.

b) Future Capital Fund

- 9.2 Stephen Martin presented a proposition on the focus and approach for the future use of capital funds which had been considered and endorsed by the Programme Management Group at its meeting on 17 March. There was capital funding of £30m available over the next 10 years with £5.5m in the current financial year. The funding was provided from repayments from projects that had been previously supported through loans. Due to the reduced funding available there would need to be more selective criteria and less projects supported in future. The benefit was that there was more flexibility on how the funds were used and there were no deadlines for when it would need to be allocated.
- 9.3 The proposition was for a capital investment fund which was tightly focussed on Enterprise M3's strategic priorities of clean growth, supporting the region's transition to net zero and supporting businesses to grow. A preference for loans or investment in future was recommended to ensure the fund continued to be sustainable. In addition, PMG recommended that opportunities should be explored to invest in projects that were cross cutting and would benefit a wide area. The need to leverage money from other partners, particularly the private sector, should be a key criteria, and the opportunity to align with other funding streams should also be explored. The Board agreed the recommendation from PMG to approve the focus and approach to the Future Capital Fund.

10. Commercial Market Trends and Workspace Pilot Activity

- 10.1 Kevin Travers, Jack Tompkins and Steve Coburn joined the meeting for this item. Jack Tompkins shared a presentation with the Board which highlighted the key changes that James Lang Lasalle commercial agents had seen within the office market since the outset of the pandemic. A recent survey showed that 12% of employees would prefer to only work from home, 21% would wish to work in the office everyday and 67% favoured hybrid working. The better work life balance achieved by working from home was important however social identity and health and wellbeing benefits of office working were also recognised. The role of the office was evolving, issues such as workplace design, health and wellbeing and activity based working were high on the corporate agenda. Companies were looking for high quality, sustainable offices which would empower their workforce. One important issue to consider was the net zero carbon target, it was estimated that to meet global emissions standards by 2050 the rate of repurposing of commercial stock needed to increase to around 5% of stock, currently the South East was reaching less than 2%. Developers would need to achieve rents of £35-£40 per square foot in future to make developments work, only Guildford and Woking in the Enterprise M3 area were that amount. There was a significant volume of development planned across the region and it was expected the Grade A office space would fill up quickly and set the £35-£40 figure.
- 10.2 Kevin Travers advised the Board on the workspace pilot to which the LEP allocated £500k to test out flexible working spaces in the area. One pilot was in Chantry House in Andover which had been successful in increasing footfall into the town and enabling employees to work closer to home. A wider review had been carried out on co-working and what demand could look like in future and the results would be shared with the Board. The headline outcomes from the review showed that the hybrid model was here to stay and the LEP had a role in convening partners and potentially providing funding where there were gaps.
- 10.3 Steve Coburn from Project Five presented on the Login Business Lounge which was the second workspace pilot supported by the LEP. The offices in Camberley Town Centre had reduced significantly and residents were travelling out of the town for work which had an impact on the retail, food and beverage trade. The Login Business Lounge was designed as a destination workspace where residents could choose to work. The Login Business Lounge was a flexible space which could be used for events/conferences, residents could go in for a drink/food or watch sports events on the 16k video wall. Ethical business was an important factor when designing the Login Business Lounge, recycled material were used for the fit out, solar panels on the roof and free fruit and salad provided to members. The main customers were local businesses that had given up their offices, charity and community bookings for

events, work-with-friends and working parents that required temporary membership during school holiday periods.

- 10.4 The Board thanked the speakers for their interesting insights and asked questions relating to views on future office spaces.

Action to be taken	By Whom	When
Both presentations to be shared with the Board	Justine Davie	4 May 2022

11. Enterprise Zone

- 11.1 The Board received a report which summarised the current status of each of the Enterprise Zone sites and the future considerations for those sites. The Enterprise Zone Programme Steering Group had considered the main issues which were the different stages of development between the three sites; and, the changes in the local strategic ambitions and in the wider economy. The next implementation plan would need to be shaped from the findings of some thorough analysis and examination, the work would also look to review targets and set some shorter term targets.
- 11.2 The next steps agreed by the Programme Steering Group was to recruit a Head of the Enterprise Zone and procure specialist expertise to support the development of the next implementation plan. The work would be financed by the Enterprise Zone operational budget and taken forward in consultation with the Programme Steering Group. The Business Rates Income Growth (BRIG) forecast figures were circulated but there was more detailed work required to provide a more accurate BRIG forecast figure. The current agreement was 50% of the BRIG would go to the LEP and the remaining 50% split across the three local authorities. The Board noted the report.

12. Enterprise M3 AGM and Annual Report

- 12.1 Linda Cheung provided an update on the outline of the Annual Report and the preparations for the AGM next month. The theme for the AGM was 'Together Again: Back to Business', there had been 130 sign up to date. Key messages were making it happen, investing in the future and empowering business growth. The Annual Report was interactive as in previous years and provided the ability to take the reader directly to the website rather than recreating the same content. The Business Panel at AGM would be chaired by Linda Cheung and would also include Sir Martin Sweeting. There had been a number of businesses that had signed up to exhibit at the AGM. The Board noted the update.

13. Enterprise M3 Board Appointments and Governance

- 13.1 Only Board Directors remained in the meeting for this item.
- 13.2 Linda Cheung reported back from the Nominations Committee on the discussion of options for the replacement of the Chief Executive. The Committee had concluded that due to the continued uncertainty surrounding the LEP and the need to maintain stability, the Committee should recommend to the Board that the LEP should recruit a Managing Director (MD) with a knowledge of the LEP/EM3 area for 6 months.
- 13.3 The MD would be supported by a small chairman's board chaired by Michael Queen to guide activities. Kathy Slack had been working closely with Mandy Emery, the Head of HR at Hampshire County Council and confirmed that Mandy was content with the proposed process.
- 13.4 Board members supported the proposal. They agreed that internal candidates offered more advantages than bringing in an external interim at the present time. They urged that the MD should actively be promoting the LEP and working with partners on the future vision for the LEP and should not be viewed as a "caretaker". Internal members of the EM3 team at level I grade and above would be invited to apply. Members from the Nominations Committee would form the panel. The Board agreed not to rule out the possibility of a joint MD role.

Action to be taken	By Whom	When
The Nominations Committee to progress appointing a replacement for the Chief Executive of the LEP	Kathy Slack	29 April 2022

14. **Joint Leaders Board**

14.1 Kathy Slack reported on the Joint Leaders Board meeting held on 24 March which was mainly an update as the Government funding letter had not been received. Sue Littlemore presented the findings from the Skills Action Plan which stimulated some debate and highlighted the importance of the business intelligence work and JLB were provided with an update on the Future Capital Fund work. There could be some changes in the membership following the local elections in May. A new Chair would be appointed at the next meeting in June which would be held at RHS Wisley. It was acknowledged that discussions would need to take place on diversity in relation to the nominations put forward for future public sector Board vacancies as the Board was required to meet the 50% target for female representation by end March 2023.

15. **Enterprise M3 Economic Position**

15.1 The Economic and Labour Market report was noted by the Board.

16. **Programme Management Group Report**

16.1 The Board received and noted the minutes of the Programme Management Group held on 17 March.

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 future Enterprise M3 Board meetings would be held on:

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