

Enterprise M3 Ltd Board Meeting

24 May 2022 – 10.00am-12.05pm

Zoom Video Conference Call

DRAFT MINUTES

Directors in Attendance

Michael Queen - Chair
 Virginia Barrett
 Cllr Joss Bigmore
 Linda Cheung
 Sarah Jane Chimbwandira
 Barney Ely
 Cllr Rob Humby
 Ren Kapur
 Stacey King
 Ross McNally
 Cllr Phil North
 Kathy Slack

EM3 Team in Attendance

Sue Littlemore
 Stephen Martin
 Justine Davie

Apologies

Debbie Allen
 Julie Baker
 Cllr Richard Millard
 Cllr Tim Oliver
 Cllr Nick Prescott
 Daniel Ruiz
 Mark Smith

Guests in Attendance

Anne Hibbert – HCC Accountable Body
 Richard Turl – DLUHC
 Cllr Roz Chadd – Hampshire County Council

1. Welcome and Introductions

- 1.1 Michael Queen welcomed everyone to the meeting. Congratulations were conveyed to Cllr Rob Humby on his appointment as Leader of Hampshire County Council. Rob introduced Cllr Roz Chadd, the newly appointed Deputy Leader of Hampshire County Council, who would be nominated to replace Rob as Enterprise M3 Board Director at the next meeting of the Joint Leaders Board in June. Sue Littlemore and Stephen Martin were also congratulated on their appointment as co-Managing Directors of Enterprise M3 LEP.

Action to be taken	By Whom	When
Introductory meeting to be set up with Cllr Roz Chadd and Michael Queen	Justine Davie	July 2022

2. Minutes of the previous meeting & matters arising

- 2.1 The minutes of the meeting held on 7 April 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 was noted. In addition to the meetings listed on the report, Michael attended the Surrey Growth Board workshop on 19 May, Michael would be replacing Kathy as the Enterprise M3 LEP representative on the Surrey Growth Board.
- 4.2 The AGM had taken place on 20 May and networking at the event highlighted the positivity of businesses about their future and showed there were some good initiatives being taken forward and there was a positive vibe from attendees about getting back to business as normal. Michael said there was a lot of activity taking place around county deals with continued debate about what they meant and what are the timings and implications for LEPs. Sue Littlemore and Stephen Martin were sitting on LEP Network groups looking at the differing models of integration to LAs.

5. Focus of Future Board Workshop

- 5.1 Kathy Slack advised the Board that the workshop being held on 20 June would be run by Stephen Martin and Sue Littlemore. The proposed agenda for the workshop would include discussing the future organisational design to take forward the vision, governance arrangements to support the vision and devolution deals, including examples of what was happening elsewhere. The workshop would be followed by a Board dinner. Board members were asked to bring ideas, thoughts and challenges to the workshop, and use the opportunity to challenge some of work carried out by the LEP.

6. Chief Executive's Report

- 6.1 Kathy Slack highlighted the major achievements from the Delivery Plan, despite the team suffering with a loss of capacity due to staff that had left earlier in the year not yet being replaced. BEIS had issued their offer letter to Growth Hubs which set out what information was needed to secure funding, the requirements were broader than they had been in the past. The return of economic intelligence information on a monthly basis was no longer a requirement of the contract, although BEIS indicated they would still like the practice to continue. Enterprise M3 would continue with the monthly meetings and reporting as it was a useful way of capturing information on how businesses were being impacted and where the skills shortages were most prevalent. The Growth Hub activity would continue to focus on high growth, innovation and low carbon, as set out in our vision. Work would be carried out with other organisations in other areas, it was recognised that the LEP needed to communicate the organisational focus going forward. Marketing of services would be a focus to drive businesses to the Growth Hub.
- 6.2 Some activity was on hold while the organisational review was being carried out, once the review had concluded, recruitment activity would be carried out to fill the vacancies. The organisational review work was well underway and would be reported to the Board workshop in June. The Careers and Enterprise Team continued to perform well. The team was currently down on capacity but this would be addressed as part of the review. The LEP had agreed to continue to keep the Careers and Enterprise team in place and had committed to provide match funding for the next academic year. This would enable the progression to a Careers Hub model. There was a considerable amount of work being carried out around skills, Enterprise M3 had played a key role in convening partners involved in the Local Skills Improvement Plan (LSIP). Ross McNally advised that the Chamber of Commerce was meeting with stakeholder partners that could reach out to the business community to support the LSIP bid. The Enterprise M3 Skills Advisory Panel (SAP) continued to go from strength to strength, Coast to Capital LEP had disbanded theirs as East Surrey was to be included in the Enterprise M3 area LSIP and Sussex already had a LSIP. The SAP meetings were well attended, with each meeting typically taking a focussed deep dive into certain professions or skills sectors that needed addressing.
- 6.3 The Board was advised that there was currently only one member of staff working on cluster activity but they had been doing some excellent work. Enterprise M3 was in a unique position to other LEPs as various clusters had made contact and work was now taking place on how to take the cluster work forward. Work was progressing on the Future Fund, there was lots of interest from partners, and communications on how to put forward project proposals would be carried out. The team was looking for projects that could work at scale across the Enterprise M3 area. The Gigabit Town and Rural project had taken a significant step forward in that the Prior Information Notice had been released to the market on 9 May. This was the final stage of market testing prior to the commencement of the formal procurement process.
- 6.4 The Innovation and Technology in Transport (ITT) Hub annual event had been held at Farnborough International Conference Centre for the second year in a row on 11 and 12 May. The ITT Hub was the annual meeting for the commercial road transport sector, bringing together the latest innovation and technology, in transport, energy and IT. The key message was that the sector was set to be revolutionised as the industry transitioned to net zero. Enterprise M3 was invited to present at the Talent Hub. Kevin Travers and Jamie MacKay represented the LEP and focussed on the role of the LEP in getting the right people in the room to identify challenges and agree actions. Daniel Ruiz also shared his knowledge and experience and participated in a Q&A session.

6.5 Michael Queen informed the Board that the recently published Research Excellence Framework showed that all universities in the Enterprise M3 area had performed better than in previous years. The result would attract additional funding from Government and would also help universities win bids from the private sector, this would result in an increase in research activity, which in turn, would have a positive effect on the local economy. There was a further positive message in that the University of Surrey had announced it was launching a brand new medical school. The Board discussed the Chief Executive's report and the areas of work highlighted.

7. AGM and Annual Report Feedback

7.1 Linda Cheung provided some feedback on a successful AGM held on 20 May. There had been a lot of social media sharing about the AGM which talked about a slick and effective event. The message about being less modest and businesses shouting about success was discussed at the AGM, it was recognised that this also applied to the LEP team and Board members. Publicity and case studies on how the LEP contributed to businesses in the region and direct communication with those business should be carried out.

7.2 Barney Ely reported to the Board on his experience at the AGM. The use of Slido for attendees to submit questions was helpful and provided a good range of questions. The influence of the LEP was important and it was key that the LEP continued to articulate about its performance and value.

7.3 The Board discussed the AGM and, in general, the view was that the comments in the room were positive. For next year it would be useful to have a set of key messages to show businesses and stakeholders that the LEP was delivering value for money and to provide a clear picture of what the LEP was delivering. The Board comments would be taken forward to explore further at the workshop on 20 June.

Action to be taken	By Whom	When
Request for a list of attendees to be sent to the Board and highlight those that signed up but did not turn up to the AGM	Justine Davie	June 2022

8. Enterprise M3 Economic Position

8.1 Sue Littlemore presented the latest Enterprise M3 economy, labour market and skills dashboard. The headline information showed that economic growth had come to a standstill at the end of March. Inflation had increased significantly, with the forecast that it would rise to 10% by Christmas. Nationally this had led to a rapid increase in business costs, business failures, and falling consumer spending and confidence. The Bank of England was under pressure to increase interest rates while the economy experienced stagflation. In our own area, there were signs of a slowdown in employment growth and vacancies. There has always been a relatively high proportion of highly skilled residents in the Enterprise M3 area but little to no growth between 2019-2021 which had widened the gap with Thames Valley Berkshire. Occupations requiring high skills were still in demand but Enterprise M3 was losing its competitive edge to Thames Valley Berkshire.

8.2 The Board discussed the information presented. There was some surprise amongst the Board members at the picture painted by the data as the anecdotal feedback from the AGM was that businesses were far more optimistic. Barney Ely reported that there was inevitably going to be a slowdown in employment growth and vacancies as it had grown at a phenomenal rate in the previous year. He highlighted that recruitment was still taking place. A recent report showed that people under 40 would be looking to move jobs in the next few years, based on the culture, reward, flexibility and learning capacity offered by an organisation. The LEP should be supporting the marketing of the offer of the Enterprise M3 area to attract potential employees.

Action to be taken	By Whom	When
Investigate whether further detail was available on what stage business were in their evolution before they went insolvent	Sue Littlemore	June 2022

9. Delivery Plan 2022/23

- 9.1 Stephen Martin reported on the outline Delivery Plan for 2022/23 which had to be published by the end June. The Delivery Plan would define Enterprise M3 priorities for the year and act as a benchmark to measure success. The Board had endorsed the Enterprise M3 vision in April which included the areas of focus for the LEP. The Delivery Plan added more detail to the areas of focus either as specific activities focussed on economic development and business support, or as enabling operational activities. The key deliverables set out in the Delivery Plan would contribute to low carbon high growth and each deliverable would contribute to one or more areas of focus. A draft had been circulated to the Board which showed the key elements and priorities.
- 9.2 All of the deliverables in the Delivery Plan would be monitored by the Management Team and a highlight report would be presented to each Board meeting. The Board was asked to approve the outline of the Delivery Plan 2022/23 and delegate authority to Kathy Slack, Sue Littlemore and Stephen Martin to sign off the final version to be published by the end of June.
- 9.3 The Board approved the outline Delivery Plan 2022/23 and for the Executive Team to agree the final version to be published at the end of June. Richard Turl advised that there would be further discussions with LEPs regarding the content of the 2023/24 Delivery Plan which was due to be submitted to Government in November 2022.

Action to be taken	By Whom	When
Enterprise M3 Team member to be invited to join the low carbon workshop being organised by X Forces Enterprise	Ren Kapur	June 2022

10. Government Plans

- 10.1 Richard Turl reported to the Board on the current focus for Government. The initial plan from the Levelling Up White Paper was for county deals to be in place by 2030. More recently ministers had acknowledged capacity restraints and there was no public line on when places should come forward with proposals for county deals. Counties were welcome to put forward proposals to ministers for county deals at any time but it would be down to ministers whether these were progressed.
- 10.2 Currently no formal decision had been made on funding for Growth Hubs after 2022/23, LEPs were being encouraged to seek additional sources of funding. The enterprise strategy, to be published later this year, could contain details on the future of Growth Hubs. The Department for Levelling Up (DLUHC) was currently focussed on the Levelling Up Fund and UK Shared Prosperity Fund, assessment of bids would take place over the Summer. There had been some reorganisation carried out in central Government and BEIS staff were being redeployed. The Cities and Local Growth Unit was being dissolved and staff would become predominantly DLUHC staff. The process for appointing Levelling Up Directors was live and there would be a Director appointed for the South East and one for London, the timings for the appointments was not yet clear.

11. Resources Finance and Audit Committee Update

- 11.1 Stephen Martin summarised the RFAC paper which asked for Board approval on the final outturn figures for 2021/22, proposed changes to the minimum reserves level policy and the 2022/23 final budget and savings target. The final outturn for expenditure over income at the end of 2021/22 was £407k which was lower than originally budgeted due to additional Government funding, greater interest on balances and some reduced costs. The capital funds carry forward was £22.6m, of that £17.2m was already allocated to projects, leaving £5.4m for new projects in the current financial year.
- 11.2 The EM3 Reserves Policy had been reviewed to ensure that the minimum reserve level was set at a level appropriate for the size of the evolved organisation and was adequate to manage risks. The reserves level was calculated to take into account redundancy costs and to cover operational expenditure for an adequate period should funding cease. That period had previously been calculated at six months but based on the review it was proposed that a period of four months was sufficient. Both Hampshire County Council as the accountable body and RFAC had

reviewed the policy and were satisfied that the methodology ensured the Minimum Reserves Level was set at a prudent level to allow EM3 to continue to operate for an adequate amount of time.

- 11.3 At the Board meeting in April it had been reported that there would be a savings requirement of £1.2m over the three years to the end of March 2025. As a result of the more favourable outturn position at the end of 2021/22, the revised arrangements to fill the Chief Executive post and the revised reserves policy this amount had reduced to £600k. The final budget incorporated a savings target of £150k in 2022/23, with a further £220k per annum in 2023/24 and 2024/25. The savings target would be achieved through the implementation of a revised organisational structure and processes.
- 11.4 The Board approved the final outturn figures for 2021/22, the proposed change to the minimum reserves level policy and the 2022/23 final budget and savings target.

12. **Capital Programme Update**

- 12.1 The Board noted the Capital Programme update paper.

13. **Forward Programme**

- 13.1 The Board noted the Forward Programme.

14. **Any Other Business**

- 14.1 The Board were reminded that there would be a dinner after the Board workshop on 20 June which would be an opportunity to celebrate the LEP's successes and wish Kathy all the best in her forthcoming retirement. Kathy's last operational day with the LEP would be 30 June 2022. On behalf of the Board, Michael thanked Kathy for everything she had done for Enterprise M3 LEP in her time as Chief Executive, in particular her exceptional commitment and leadership of the LEP over the last 10 years.
- 14.2 The future Enterprise M3 Board meetings would be held on:
- Monday 20 June 2022 – Board workshop and dinner
 - Thursday 4 August 2022
 - Thursday 6 October 2022
 - Thursday 1 December 2022
 - Thursday 2 February 2023
 - Thursday 6 April 2023