

## **DRAFT MINUTES**

### **Directors in Attendance**

Michael Queen - Chair  
Debbie Allen  
Julie Baker  
Sarah Jane Chimbwandira  
Barney Ely  
Stacey King  
Daniel Ruiz  
Mark Smith  
Cllr Martin Tod

### **EM3 Team in Attendance**

Stephen Martin  
Aleks Bennett  
Justine Davie

### **Guests in Attendance**

Anne Hibbert  
Richard Turl

### **Apologies**

Virginia Barrett  
Cllr Natalie Bramhall  
Cllr Roz Chadd  
Cllr Paul Follows  
Ren Kapur  
Ross McNally  
Cllr Julia McShane  
Cllr Phil North

## **1. Welcome and Introductions**

1.1 Michael Queen welcomed everyone to the meeting.

## **2. Minutes of the previous meeting & matters arising**

2.1 The minutes of the meeting held on 8 June 2023 were agreed and the actions noted.

## **3. Declarations of Interest**

3.1 Stacey King declared an interest in item 9 Gigabit EM3 (Fibre Spine) project update. Stacey did not take part in the approval decision but remained in the room during the discussion. There were no further additional declarations of interest to those previously declared.

## **4. Managing Director's Report**

4.1 Stephen Martin highlighted some of the achievements by the team since the last Board meeting. There had been agreement for the EM3 Skills Manager to provide project management support to Surrey Chamber of Commerce on the Local Skills Improvement Plan, and to colleges to develop proposals and projects to deliver under the Local Skills Improvement Fund. This demonstrated how partners valued the skills and expertise of the team to lead this type of work.

4.2 There had been some positive convening work with leaders of Test Valley, East Hants, Winchester and Hampshire County Council to discuss how to maximise the potential of the rural economy in the region. The LEP would support the next phase to turn the analysis into proposals for action.

4.3 There was a strong relationship with central government in the Department of Business and Trade, particularly relating to international trade and inward investment. EM3 had been part of a virtual delegation presenting on the Animal Health proposition to Chinese investors.

4.4 The Growth Hub had been fully staffed for a few months, in order to get the team operational quickly the positions had been filled with flexible contract resources and had fast become a highly effective team.

4.5 The final report on the Jet Zero research was due to conclude shortly and would be reported to the next Board meeting, along with some important work being carried out by Cushman and Wakefield on the Enterprise Zones which included a new investment plan and marketing plan.

- 4.6 The impact of uncertainty on the organisation, and in particular on the team, was at the forefront for the Senior Management Team. A workshop had been held for the whole team on retaining control during uncertainty which was well received. Communications were recognised as being key and the team was being kept informed with regular meetings. Despite the circumstances, morale in the team was positive and focussing on business as usual was proving a key factor.
- 4.7 The Careers Hub arranged an event in July to celebrate successes over the academic year, which Linda Cheung attended to present the awards. The event was well received by those that attended and they appreciated that their hard work was recognised. From 1 September, EM3 would no longer be delivering the Careers Hub service in the Surrey area, and three team members would be leaving on 31 August. The Careers Hub were a close-knit team and despite the unsettling times they had continued to operate in a highly professional manner.
- 4.8 Daniel Ruiz had started work in an executive support role within the team and his current focus was on the Enterprise Zones, Fibre Spine and Growth Hub. Once the Government announcement was received his focus would also include the transition arrangements. Daniel agreed that at a recent team meeting he attended, staff morale was good and everyone was energised with a significant amount of high quality work being carried out.
- 4.9 Michael Queen advised that he had met with Michael Gove and they had an open and robust discussion. He explained to Michael that the entrepreneurial spirit and fast paced energy, with an attitude to 'get things done', would be lost if LEPs were no longer operating.
- 4.10 Michael Queen also updated the Board on a confidential issue which Hampshire County Council's HR service were addressing. It was expected that the matter would be concluded shortly and Michael would write to the Chief Executive at Hampshire County Council to thank the HR Team for their professional and efficient approach.

| Action to be taken   | By Whom        | When            |
|--|----------------|-----------------|
| Present the final report on the Jet Zero research to the Board   | Chris Burchell | 10 October 2023 |
| Present the Cushman and Wakefield report to the Board on the Enterprise Zones investment plan and marketing plan | Chris Burchell | 10 October 2023 |
| Send letter to HCC Chief Executive   | Michael Queen  | 11 August 2023  |

## 5. Future of LEP

- 5.1 Michael Queen advised the Board that the Government announcement regarding the future of the LEP had been expected on 21 July, however that had been delayed and was now expected to be received on 4 August. A call with Ministers and LEP Chairs would be convened by the LEP Network on the same day.
- 5.2 Richard Turl confirmed that the announcement was expected the following day. The report recognised the good work LEPs had done, however would confirm that core funding would cease from April 2024. The Government expected the LEP functions to be exercised by upper tier local authorities in future, which was in line with the Government's direction on devolution. The transfer should be agreed locally between the LEP, its Accountable Body and respective local authorities. Local authorities would be expected to establish business boards and undertake economic planning.
- 5.3 Stephen Martin advised the Board that the guidance was not expected to be prescriptive and therefore once the announcement was received intensive discussions with Hampshire County Council and Surrey County Council would commence.
- 5.4 The Board discussed the implications of the Government announcement and the actions required. It was acknowledged that agreement would need to be reached with Hampshire County Council as the Accountable Body but also with Surrey County Council, as the LEP area stretched across both local authority areas. It was recognised that discussions would need to start as soon as possible. There were a number of options discussed, it was suggested that

a workshop with the local authorities to discuss potential options would be a useful way forward. It was agreed that discussions would need to progress at speed as providing staff with some certainty on the future was key. It was recognised that if an agreement was not able to be reached the discussions could take some time and resource before reaching a conclusion.

- 5.5 A Board call would be arranged online for end August/early September to inform the Board on the progress of the initial discussions and the route map going forward.

| Action to be taken  | By Whom       | When          |
|---|---------------|---------------|
| Arrange an additional Board call for end August / early September to update the Board on initial discussions on the transition arrangements | Justine Davie | 9 August 2023 |

**6. Resources, Finance and Audit Committee**

- 6.1 Debbie Allen provided an update to the Board from the Resources, Finance and Audit Committee (RFAC). The final 2022/23 end of year position showed Enterprise M3 held £3.1m revenue reserves and £19m capital funds. This was an improvement of £0.7m against the budgeted use of reserves which was due mainly to higher interest rates than anticipated. The Board approved the final outturn 2022/23 position on both the revenue and capital funds.
- 6.2 The Board approved the Enterprise M3 Limited statutory accounts for the year ending 31 March 2023.
- 6.3 Anne Hibbert referred to the paper which stated that the audit of Hampshire County Council’s accounts should be completed by September 2023. The audit would usually take place by September however due to a significant backlog in auditing of accounts there was expected to be a delay. Hampshire County Council accounts were finalised and ready to be audited but the deadline for the audit was currently March 2024. Aleks Bennett confirmed that a note had been included on the LEP’s accounts in the annual report to flag that they were not currently audited.
- 6.4 Debbie Allen advised the Board that resources was also included in the RFAC remit and the position with staff morale and staff retention would be included on the agenda.

**7. Funding Escalator EM3 II Contract Variation**

- 7.1 Julie Baker explained to the Board that the term for the current contract with Finance South East (FSE) was due to end on 17 December 2023 and any variations to the contract were required by 17 September. The current fund was an evergreen fund, with repayments being recycled back into the fund for further reinvestment into SMEs in the EM3 area. The combined funds had so far assisted 106 businesses in Surrey and Hampshire.
- 7.2 A number of options were proposed for variations to the contract which were discussed by the Board. The Board agreed to the recommended variation to the EM3 II Funding Escalator contract with FSE, which would enable the capital to be reinvested, but the revenue would be repaid to the LEP as it was received.
- 7.3 The Board agreed that FSE would continue to manage the EM3 II Funding Escalator for a further 2 years with the option of an extension for a further 2.5 years at the end of that term.

**8. EM3 Annual Report and Annual Conference**

- 8.1 The Board received a final draft of the Annual Report for approval and an update on the planning for the Annual Conference on 3 October. The theme of the report was promoting EM3 as an ‘innovation region’ which had been evidenced with statistics and case study extracts and designed in a highly visual and impactful way. The report would be published in September, before the Annual Conference. Michael Queen’s message was still to be added and would be circulated to the Board for comment before publication. The Board agreed that the Annual Report looked impressive and gave approval for Michael Queen and Debbie Allen to sign off the final version.

- 8.2 The arrangements for the Annual Conference were well underway, the theme was consistent with the Annual Report. The conference was currently oversubscribed and there was a waiting list.

| Action to be taken   | By Whom       | When           |
|--|---------------|----------------|
| Circulate the Chair's statement to go in the Annual Report to the Board for comment before publication | Michael Queen | September 2023 |

## 9. Gigabit EM3 (Fibre Spine) Project

- 9.1 The Board received an update on the current position with the Gigabit EM3 project. Discussions had been held with the local authorities on the fibre spine route on the potential for one or more of them to take on the client side role in the event that the LEP was no longer in a position to fulfil that role. A number of questions were raised by the local authorities and it was agreed that Enterprise M3 would coordinate the development of a brief for some due diligence work. A further meeting had been arranged for the end of August.
- 9.2 A second option was also being explored where ownership of the asset was vested in the commercial partner. This was being discussed with Hampshire County Council as the Accountable Body.
- 9.3 The Board discussed the proposals and as the Fibre Spine was starting at the 5G centre on the University of Surrey (UoS) Campus it was suggested UoS could have an interest in helping to take the project forward. Michael Queen would send contact details for the Operations Director at the University of Surrey to Stephen Martin. The Board agreed that the project should continue to be funded and provided delegated authority to the Managing Director to the end of October. The Board would take stock of the progress at its meeting on 10 October and consider next steps.

| Action to be taken  | By Whom        | When            |
|---|----------------|-----------------|
| Present a report to the Board on 10 October on the progress of the Fibre Spine project setting out next steps | Stephen Martin | 10 October 2023 |
| Provide Stephen Martin with the contact details of the Operations Director at the University of Surrey        | Michael Queen  | 11 August 2023  |

## 10. Enterprise M3 Future Fund

- 10.1 Stephen Martin introduced the Future Fund paper which proposed a window for project proposals be opened the following week which would enable the process to run with a timeline culminating with decisions at the EM3 Board meeting in December. This would enable contracting to be concluded by end March. In the event that the LEP was no longer able to fulfil ongoing responsibilities, such as monitoring outputs and processing claims, these would reside with Hampshire County Council or be transferred to another successor body.
- 10.2 It was proposed that the approach would focus on the same broad themes as previously i.e. innovation, net zero, digital connectivity and green and digital skills. One change to the previous round was, rather than focusing on loans or investments that would generate a return, consideration would also be given to grants, although loans would be preferred in order to continue the revolving nature of the funds.
- 10.3 The Board discussed the proposal and raised the issue of the tight timeframe and whether there was capacity in the team to deliver. The message to interested parties would be that the LEP would consider a small number of high quality project proposals to ensure capacity was available. The Board agreed the proposed approach and for the next Future Fund opportunity to be launched in early August.
- 10.4 Stephen Martin advised the Board on an existing project which had previously been put forward by Sparsholt College but was initially rejected as they were looking for grant funding. The Board were asked to consider whether the business case for the project could be considered on an accelerated timetable, to enable an earlier decision to be made. The Board were in agreement that the project should be considered through the Future Fund process and be

subject to the usual due diligence, and asked the Managing Director to explore the timing issues further with Sparsholt College.

## 11. **Capital Programme Update**

- 11.1 Stephen Martin introduced the Capital Programme Update which showed there was still some unspent funding allocated to projects totalling £9.5m. By using loan repayment these projects could continue to be supported, outside of the Local Growth Fund and Getting Building Fund which had been fully allocated. The Future Fund available spend forecast was £33.3m by 2029-30.
- 11.2 The outputs submitted to DLUHC showed considerable variance between the forecast and actuals. The team were working hard to clarify data and identify which projects were still delivering outputs and would require future monitoring.

## 12. **Any Other Business**

- 12.1 Sarah Jane Chimbwandira advised the Board that following the Space South Central presentation at the April meeting there had been a follow-up meeting with Louise Butt, and Surrey Wildlife Trust were now a space climate accredited organisation and were looking for European Space Funding opportunities.

## 13. **Chair's Report**

- 13.1 The Board noted Michael Queen's report on the activities and events undertaken since the last Board meeting.

## 14. **Delivery Plan Update Report**

- 14.1 The Board noted the Delivery Plan update report.

## 15. **Enterprise M3 Economy, Labour Market and Skills Dashboard**

- 15.1 The Board noted the Economy, Labour Market and Skills Dashboard.

## 16. **Board Forward Programme**

- 16.1 The Board noted the Forward Programme.

## 17. **Dates of Future Meetings**

- 17.1 It was expected that there would be an additional Board call held before the next scheduled Board meeting to providing a briefing on the progress of conversations with the county councils, which would be arranged online.
- 17.2 The future scheduled Enterprise M3 Board meetings would be held on:
- Tuesday 10 October 2023 – **online only**
  - Thursday 7 December 2023 – **in person only**
  - Thursday 8 February 2024 – **online only**
  - Thursday 4 April 2024 – **in person only**