

Enterprise M3 Ltd Board Meeting

10 October 2023 – 10.00am-13.30pm

Online via Zoom

DRAFT MINUTES

Directors in Attendance

Michael Queen - Chair
Julie Baker
Virginia Barrett
Sarah Jane Chimbwandira
Barney Ely
Stacey King
Ross McNally
Daniel Ruiz
Mark Smith
Cllr Martin Tod

EM3 Team in Attendance

Stephen Martin
Chris Burchell
Justine Davie

Guests in Attendance

Anne Hibbert
Richard Turl

Apologies

Debbie Allen
Cllr Natalie Bramhall
Cllr Roz Chadd
Cllr Paul Follows
Ren Kapur
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 3 August 2023 were agreed and the actions noted.
- 2.2 At the last meeting the Board agree that Finance South East (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. Following that decision, the Accountable Body recommended that the fund should be varied to a non-recycling fund so that capital and income would be returned as loans were repaid and investments realised, and the fund would cease further investment. In response, the LEP recommended that the contract be extended for six months, without varying the terms, to provide time for the Board, Hampshire County Council and Surrey County Council to consider future changes to the scheme as part of the LEP integration process. The Board agreed the six month extension of the FSE contract, without varying the terms, via written communication.

3. Declarations of Interest

- 3.1 Stacey King declared an interest in item 9 Gigabit EM3 (Fibre Spine) project update. Stacey remained in the room during the discussion.
- 3.2 Michael Queen advised that Cllr Natalie Bramhall, Cllr Roz Chadd and Cllr Martin Tod would all have a personal, but not prejudicial interest, in Board discussions regarding the future of the LEP. Cllrs Bramhall and Chadd were not present at the meeting.
- 3.3 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. The Annual Report was published on 2 October and the Annual Conference was held on 3 October. Thanks were conveyed to those Board members that sat on the panels and led the sessions at the conference. Particular thanks was given to Katherine Garrett and Richard Garfield from the Enterprise M3 Team for all their hard work and excellent

organisation. Michael Queen advised the Board that the Joint Leaders Board had been held on 4 October where Michael gave specific thanks to Cllr Martin Tod for representing local authorities at the conference and fielding questions. The feedback received following the conference had been extremely positive.

- 4.2 A number of Growth Hub workshops were taking place from October 2023 through to March 2024, marketing the services that the Growth Hub could offer. The Growth Hub service was performing at high level and meeting its KPI's. An event was being held in Basingstoke on 9 November as part of International Trade week, focussing on accelerating business in international markets, the event was being run in collaboration with the Department for Business and Trade and Hampshire Chamber of Commerce.
- 4.3 A funding application had been submitted to the Department for Education (DfE) for around £6.m of capital and revenue funding to respond to priorities in the Local Skills Improvement Plan report. Following approval from DfE, delivery was expected to start in October 2023 and run through to March 2024. A collaboration between the LEP and Hampshire and Surrey County Council's had secured £1.8m to work with providers to deliver Skills Bootcamps between September 2023 and March 2024. Work was underway with Hampshire County Council to submit another application to deliver Skills Bootcamps in 2024-25.
- 4.4 There had been a smooth transition of the Careers Hub service to Surrey County Council for the Surrey schools, the Enterprise M3 Careers Hub team were now delivering the service in North and Central Hampshire only. All schools were notified of the change and there had been no issues identified as a result of the changes.
- 4.5 The window for applications from projects seeking funding for the Future Fund closed on 15 September. The panel had shortlisted 7 projects from 37 applications. The shortlisted projects would be presenting to the internal panel and due diligence work would be undertaken and business cases revised if required. The projects recommended by the internal panel would be brought to the 5 December Board meeting for consideration. Those projects approved by the Board in December would have funding agreements drawn up with Hampshire County Council as the Accountable Body.

Action to be taken	By Whom	When
Report on Future Fund applications recommended for approval to 5 December Board meeting	Stephen Martin	05 Dec 23

5. Future of LEP

- 5.1 Michael Queen updated the Board on the current Government position regarding the transition of LEP functions to Upper Tier authorities and how Enterprise M3 LEP were working through the process. In early September letters were received from the Leaders of both Hampshire County Council (HCC) and Surrey County Council (SCC) requesting a comprehensive set of information including details on the LEP's activities, financial position and staffing structure. The information was provided on 22 September and both councils were still working through the data provided. Discussions had also started with Hampshire HR to identify issues that needed to be addressed and set out a timeline for decisions.
- 5.2 HCC had published a cabinet paper last week which set out their formal views on the direction of travel for the LEP transition. The paper sets out the proposed governance structure which was headed by an Economy and Skills Board and included a Hampshire Business Forum and Hampshire Skills Partnership. The report provided assurance that HCC would ensure that any funding, as part of new accountabilities, would be ring fenced to support economic development and infrastructure across the county area. It was a high level paper and further work was required to pull together the detail. It was expected that there would be a similar paper from SCC containing broad high level principles.
- 5.3 Natalie Wigman, Assistant Director Regeneration and Growth at HCC and Dawn Redpath, Director for Economy and Growth at SCC were attending a meeting at Belvedere House on 11 October to receive information on key projects and activities. More work was required on the

timeline for transition to identify any constraints. There was a commitment to work collaboratively and the LEP had offered resource to help project manage the transition.

- 5.4 The Board discussed the information received and recognised the need for clarity on the timeline if the handover of the LEP functions was to be achieved by 31 March 2024. It was recognised that the development of the plan for the transition would need to be a collaborative process with the LEP, HCC and SCC. Responsibility for the team and achieving the best outcomes for everyone were at the forefront of discussions with the LEP’s Senior Management Team. The Board were advised that team morale and effectiveness currently remained positive.
- 5.5 Daniel Ruiz presented some draft objectives and principles for LEP integration for the Board to consider. The draft objectives proposed were to:
- Maximising the value
 - Maximise the positive impact for our economies, businesses and communities in the short, medium and long term
 - Fair treatment of staff
 - Ensure fair treatment and good outcomes for all of our people, and avoid loss of capabilities, expertise and talent from the region
 - Continuation of mission
 - Maintain continuity of valued programmes and services, and minimise disruption for customers and stakeholders
- 5.6 The draft principles proposed for the transition were to:
- Use this transition as an opportunity to drive forward our regional economies and build a shared sense of mission across business, education, and local government
 - Ensure future arrangements are accountable to local democratic leadership in Hampshire and Surrey
 - Ensure proportionate involvement of all stakeholders in the economic development of the region in shaping future arrangements
 - Ensure continued use of EM3 assets for local economic development
 - Ensure fair and respectful treatment of staff currently in the EM3 team as well as those within authorities’ economic development teams
 - Ensure the significant potential benefits from cross border collaboration (county/district/etc) are not sacrificed to the detriment of local priorities
 - Preserve the best features of the LEPs and the momentum generated by them
- 5.7 The objectives and principles were developed as a starting point to be adopted when planning the activity and detailed steps for the transition. The Board fully supported the objectives and principles and agreed they should align with the action plan as it was developed.
- 5.8 The Board agreed that the culture of ambition, partnership, joined up, business voice, sector cluster strength and convening should not be lost through the transition. Board member representatives could be asked to join future meetings with HCC/SCC to highlight the strengths of the LEP.

Action to be taken	By Whom	When
Distribute objectives and principle slides to Board members	Justine Davie	11 October 2023

6. Government Plans

- 6.1 Richard Turl provided an update on the current Government position and focus. A transition template was due to be circulated shortly to upper tier authorities to gather information on their plans which would be required to be returned by 30 November. There would be some guidance included with the transition template although it was unclear whether the funding

information would be available at that time. It was expected that there would be one single funding pot available which would be divided across the business boards, it was not clear at the current time how many business boards there would be across the country.

- 6.2 It was acknowledged that Enterprise M3 LEP were moving in the direction requested by Government. The Government ambition was for a single Hampshire mayoral combined authority, however the strong sense of identity in the south of the county was recognised.
- 6.3 The Board was advised that Jacob Young had replaced Deanna Davison as the Parliamentary Under Secretary of State in the Department of Levelling Up, Housing and Communities. At the Conservative Conference it was announced that the regenerative town funding was still live but there was no clarity on how that funding would be distributed.

7. Nurturing a World Leading Jet Zero Cluster

- 7.1 Chris Burchell introduced Christine Doel and Stuart Wells from SQW who had been commissioned to investigate the aviation sector's transition to net zero (jet zero), and the opportunities for business activity and innovation in the region. Thanks were given to Tom Bircham, who had been leading on the jet zero work on behalf of the LEP.
- 7.2 Christine Doel advised the Board that SQW had been working on the jet zero research for 5 months and had engaged with a number of stakeholders. The study set out to identify the sector strengths, challenges, barriers and new opportunities. Evidence was gathered to: produce a business and research and development database; set out a compelling narrative for a sector proposition; and, provide recommended actions/interventions for taking the cluster forward.
- 7.3 There had been 3 documents produced to support the work which was the evidence report of the work carried out, the action plan and a proposition document. The evidence report showed there was a concentration of activity but it was spread across the area, it identified that there were 139 businesses engaging in jet zero activity. Data was also compiled from Innovate UK on businesses receiving their funding which showed clusters around Farnborough and Woking.
- 7.4 The action plan was formed from the evidence base and considered what might be done to grow the cluster. The first step was to establish a Hampshire-Surrey Jet Zero Cluster Partnership, and in the short-term build capacity and develop a brand and identity. In the longer-term work would be required to develop and grow the cluster through promotion locally and then through wider national conversations and then promotion of the area internationally.
- 7.5 The final document was the proposition document which was a promotional document to sell the jet zero cluster to potential investors and external funders. The document provided an overall case for the Hampshire and Surrey area, summarised the evidence for the jet zero cluster which would be relevant to investors and also provided case studies of relevant and interesting businesses.
- 7.6 In summary, there were things happening on jet zero in the area but it was still developing. It was a competitive space and it was important that actions were advanced quickly. There was already a small group of stakeholders identified that would need to be galvanised soon to strengthen the partnership and develop the cluster. The funding streams locally would be limited although it was recommended that opportunities were discussed with central government agencies.
- 7.7 The Board agreed that this was an important sector/concentration and if the area wanted to be leading on jet zero there needed to be a commitment to support the work. Chris Burchell advised that the geography included the HCC and SCC area and discussions had been taking place with HCC about the wider aerospace sector. A private sector company had already been approached to chair the proposed HCC/SCC partnership.

8. Enterprise Zone Review

- 8.1 Daniel Ruiz introduced the work that been carried out by Cushman and Wakefield to review the Enterprise Zone commercial market analysis, revise the Business Rates Income Growth

(BRIG) forecast and update the implementation plan. The Board were advised that there had been some returns achieved from BRIG to date but it would be a number of years before the full benefits would be realised.

- 8.2 Tim Johnson and Victoria Smith from Cushman and Wakefield provided an overview of the work that had been carried out to inform decisions on future activities. The work covered the multi-site Enterprise Zone located in Basing View in Basingstoke, Longcross Park in Chertsey and Tech Forest in Whitehill & Bordon. The aim of the project was to provide evidence to support the implementation plan and provide an evidence base for additional investment. The work on the project included an assessment of the commercial property market, a forecast of the net growth income through retained business rates and the development of an investment plan for how income generated could be used to enable investment at each site. The findings had been reported to the Enterprise Zone Programme Steering Group in September and comments on the report were being addressed.
- 8.3 The Board received details on the business rates modelling that had been carried out which looked at a range of scenarios which all had differing delivery risk ratings. Each Enterprise Zone site was considered with interventions identified and costs of those interventions. The analysis also identified whether the intervention would directly deliver floorspace. The report summarised the costs of each of the interventions, the amount of floorspace that would be delivered, how much spend would be required on the intervention and the amount of rates surplus that would be achieved.
- 8.4 The next Enterprise Zone Programme Steering Group meeting was being held on 14 December where a final report would be submitted, taking on board any comments from the Steering Group and the Board. Further work was required to plot out the timeline, and carry out work on the rate of return and cash flow.
- 8.5 The Board discussed the information provided and it was suggested it would be helpful to see more detailed granular analysis of the investment and when the benefits would be generated.
- 8.6 Work would be required with HCC and SCC and the 3 districts and boroughs where the Enterprise Zones were located, on the how the Enterprise Zone would operate in the future following the LEP integration.

9. Gigabit EM3 (Fibre Spine) Project

- 9.1 Daniel Ruiz updated the Board on the current position with the Gigabit EM3 (Fibre Spine) project. Since the last Board meeting discussions had been undertaken with the local authorities on the fibre spine route to take on the client-side role. Daniel reported continued support for the project and the decision to commission a report combining due diligence with a business case refresh. A specification for this due diligence had been agreed by the local authorities to provide an independent assessment of the project from a commercial, financial and legal perspective. This would enable the authorities to make well informed decisions about the project and their engagement. Discussions were still underway on how the due diligence work could be procured. The LEP was still committed to pursue the project and identify a way forward for the due diligence work and then identify either a local authority or a commercial partner to take on the client-side role.
- 9.2 The Board supported the recommendation for the LEP to continue to resource the project to the end of December, including the due diligence costs and existing specialist support, with funding drawn down from the Capital to Revenue Fund, under delegated authority to the Managing Director. The project would be reported on at the 7 December meeting where the Board would take stock of progress and consider next steps.

Action to be taken	By Whom	When
Report to the Board on 7 December on the progress of the Fibre Spine project setting out the next steps	Stephen Martin	07 December 2023

10. Resources, Finance and Audit Committee

10.1 Michael Queen provided an update to the Board from the Resources, Finance and Audit Committee (RFAC). The LEP was in a strong financial position, out-performing the budget by £600k, the reason was largely due to interest rates generated on the revenue and capital reserves. As a result, at end of the financial year the LEP would have reserves of £3.8m. RFAC had considered any financial risks and it was noted that, to date, not all funding contributions from partners had been received. Contact would be made with those partners to request payment.

11. Assurance Framework

11.1 Stephen Martin introduced the paper on the updates to the Assurance Framework. The changes to the Assurance Framework were to update the references made from Joint Managing Directors to Managing Director and update the names of Government departments that had changed. The Board agreed the revised Assurance Framework.

12. Any Other Business

12.1 Stephen Martin informed the Board on the proposed approach for carrying out the due diligence work on the Future Fund project applications. The due diligence would need to be carried out quickly and it needed to represent good value for money. It was proposed that some in-house capability from the Accountable Body would be used as well as some from an external organisation. The HCC procurement and finance teams would carry out financial, credit and legal checks and the LEP would use a consultant to carry out a desk based review and ask intelligent questions. There may be some technology related areas that neither HCC or Enterprise M3 had the expertise to assess, in those circumstances an external provider would be required to carry out the work.

12.2 One of the Future Fund project applications had requested if the decision could be expedited and made before 7 December Board. The Board agreed to the request for approval by correspondence if a decision was required before the next Board meeting.

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

- Thursday 7 December 2023 – *in person only - Belvedere House, Basing View, Basingstoke*
- Thursday 8 February 2024 – *online only*
- Thursday 4 April 2024 – *in person only*