

Enterprise M3 Ltd Board Meeting

26 September 2019 - 11.30-5.00pm

Future Skills Centre, Hudson Road, Bordon, GU35 0GX

DRAFT MINUTES

Directors in Attendance

Dave Axam - Chair
Deborah Allen
Simon Browne
James Cretney
Barney Ely
Jason Gaskell
Rob Humby
Tim Jackson
Stacey King
Andrew Lambert
Keith Mans
Jim McAllister
Ross McNally
Kathy Slack

EM3 Team in Attendance

Rachel Barker
Aleks Bennett
Justine Davie

Apologies

Linda Cheung
David Clifford
Paul Hogg
Colin Kemp
Mike Short - Co-opted Member
Blessing Inyang

Guests in Attendance

Rob Carr – Section 151 Officer, Accountable Body
Toni Wootton – Cities and Local Growth Unit, London and South East
Robert Wingrave – Time Retail Partners

Co-opted Member

Clive Sanders

1. Welcome from East Hampshire District Council

- 1.1 Cllr Richard Millard, Leader of East Hampshire District Council and Cllr Ferris Cowper, Whitehill and Bordon Portfolio Holder welcomed the Board to the Future Skills Centre. The Centre was part of a £16bn regeneration project in Whitehill and Bordon to which the LEP had made a significant contribution. The Board Members were taken on a tour of the regeneration area led by Clare Chester, Head of Regeneration North at East Hampshire District Council and David Wilson from Hampshire County Council to observe the scale of work that had been carried out and hear about future plans. Thanks were given to Enterprise M3 LEP for its continued investment and support in the regeneration of Whitehill and Bordon.

2. Welcome and Introductions from Chair

- 2.1 Dave Axam welcomed everyone to the meeting and all in attendance introduced themselves.

3. Minutes of the previous meetings & matters arising

- 3.1 The minutes of the meeting held on 25 July were agreed and the actions noted.

4. Chairs Report

- 4.1 The Board received details on the activities and events undertaken by the Chair since the last Board meeting. Dave Axam highlighted some of the events attended, in particular the MoD Employer Recognition awards ceremony on 4 September. Simon Browne advised that the aim of the scheme was to address skills shortages and welcomed contact from any Board members interested in being involved. The Secretary of State dinner on 5 September was attended by Mike Pence, Vice President of the United States who stated that the USA was keen to reach a trade agreement with the UK. The Chair met with the BEIS Deputy Director, Faz Osborn, on 19 September and they met again along with Helen Dhoot, BEIS Deputy Director, and the LEP's Area Lead, Blessing Inyang, at Desklodge in Basing

View on 25 September. The desire from LEPs for the next round of funding to be released was raised with the Deputy Director.

5. **Declarations of Interest**

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

- Ian Harvey and Stacey King left the room during the decision making on the Enterprise M3 Board Appointments item.

6. **Retailing in Town Centres**

6.1 Robert Wingrave from Time Retail Partners attended the Board meeting to give a presentation on retail trends and the current position in town centres. The retail industry was a huge industry with 2.8 million people employed in the sector, which equated to 9% of the working population. One threat to town centre stores was the internet, online retail sales reported a 12.4% growth while store sales growth was 3.3% over the same period. However, there were exceptions to the rule with some stores experiencing growth without having an online presence e.g. Primark reported a 25% growth in operating profit. Other issues affecting retail included rates increases, higher wage levels, increased pension costs, an increase in stock costs and digital marketing costs. Town centre stores had suffered as consumers migrated to online shopping and although shopping centre footfall was down, consumers indicated they still wanted the ability to go into a store. Political uncertainty and Brexit had also had some effect on consumer confidence and new international retail entries into the UK.

6.2 Town Centres would need to diversify their offer to consumers in future to attract customers. Future demand was expected to include leisure, wellbeing and health and beauty. Events and activities and events in town centres would also lead to an increase in customers. Landlords were becoming aware that units should be income driven not value driven to ensure units were not left empty. Town centres would need to adapt and towns that provided an offer that was service driven, convenient, provided multiple reasons to visit and was a pleasant environment would be expected to survive. Town centres would need a vision for the future and it was suggested that Enterprise M3 could help provide advice and guidance. It was recognised that town centres would need to consider demolition, refurbishment and repurposing of units but the solutions would be bespoke for each town. In order to succeed town centres would need to provide a varied offer.

6.3 The Board thanked Rob Wingrave for the presentation an insight into the future of town centres. Work was being carried out as part of the Local Industrial Strategy work on towns and consideration would be given on how the LEP could assist with the development of town centres.

Action to be taken	By Whom	When
Circulate slides from the Retailing in Town Centres presentation to Board Members	Justine Davie	October 2019

7. **Enterprise M3 Board Appointments**

7.1 The Board received a report on Board appointments and the work on increasing diversity. The Joint Leaders Board met on 19 September and considered nominations to the Enterprise M3 Board. Cllr Richard Millard from East Hampshire DC was nominated to fill the Hampshire local authority vacancy and Cllr Caroline Reeves from Guildford BC and Cllr Ian Harvey from Spelthorne BC were nominated to fill the two Surrey local authority vacancies. The Board was also notified that Cllr Colin Kemp had been elected as the Chair of the Enterprise M3 Joint Leaders Board. The Board agreed the appointments of Cllrs Richard Millard, Caroline Reeves and Ian Harvey as Enterprise M3 Board Directors.

7.2 The Board was advised that Stacey King had left BT and was now working for CityFibre, an alternative provider of wholesale fibre network infrastructure. The Board agreed that Stacey King should remain on the Board until May 2021.

7.3 The Board was currently operating as a Board of 21 but was required to have a maximum of 20 by end March 2020. Andrew Lambert was due to leave in November 2019 which would bring the number down to 20. There was one business support vacancy but a nomination to fill that position was

expected by the November Board meeting. Cllr Clive Sanders would be stepping down from his co-opted role and the Board thanked Cllr Sanders for his contribution as an Enterprise M3 Board Member and for continuing as a co-opted member to ensure a smooth handover of roles.

- 7.4 There had been considerable work on increasing diversity on the Board including engaging with the Joint Leaders Board, Further Education, Higher Education and Not for Profit partners. Kathy Slack had been in discussion with Julie Baker, Nat West and Royal Bank of Scotland Head of Enterprise and Community Finance. Julie was assisting the LEP on diversity issue given Julie's work on the Rose Review on female entrepreneurship. It was proposed that the Chair and one other Board Director should interview Julie in the coming weeks to agree whether she should be invited to join the Board as a co-opted member. The Board agreed to delegate to the Nominations Committee to make a final decision on co-opting Julie to the Enterprise M3 Board.
- 7.5 An executive search partner would be appointed shortly to work alongside the LEP on Board Director recruitment. It was proposed that suitable candidates would be identified in Spring 2020 and they would be co-opted to the Board to become familiar with Enterprise M3 in advance of formally joining the Board when the private sector vacancies arose in November 2020. Board Members were asked to contribute names of possible individuals that would be interested in joining the Board.
- 7.6 The Board received and agreed the updated Programme Management Group Terms of Reference.

Action to be taken	By Whom	When
Provide details of any individuals interested in joining the Board to Rachel Barker	All Board Members	October 2019

8. Capital Projects for consideration

a) Capital Programme Update

- 8.1 Rachel Barker reported to the Board on the current position with the capital programme. Following the final closing date for the submission of new projects, seven new Expressions of Interest and one resubmission was received seeking over £40m in funding. The applications were in the process of being reviewed and would be considered by the Programme Management Group (PMG) on 23 October. Since the last Board meeting PMG had approved a further three projects totalling £4.7m. Since April 2019 eleven legal agreements had been signed for projects due to commence in 2019/20.
- 8.2 The Board was being asked to consider the approval of a £7.5m project and if agreed there would be £5.07m funding available to allocate to new projects. There was still £53.91m of projects that had been approved by PMG and/or Board which were still subject to contract. It was aimed that all current approved projects would be contracted by the end of the calendar year and any projects likely to miss the deadline would be highlighted to PMG and Board to make a decision on whether the project should proceed.
- 8.3 A development pool of projects was continuing to be developed which could be brought forward if any projects slipped or if additional funding was to become available. Applicants for those projects in the development pool had been made aware that projects would only be progressed subject to funding being available. Repayments from loan projects would be reused for projects in the development pool which would enable some over-profiling. The Board discussed the over-profiling and what flexibility there was with spend at the end of March 2021. There had been some discussion at the mid-term review and Government was comfortable as long as the contract had been signed and the project was on site if actual spend was after March 2021. It was highlighted that more funding would be required soon from Government to enable the pipeline of projects to continue to flow.
- 8.4 The outputs were highlighted to the Board, the homes target was already exceeding the target figure for the year and the jobs target was well on track to be met. The commercial floorspace output was reliant on the delivery of two projects which were on track for completion in January 2020.
- 8.5 There were some projects within the programme with deadlines required to be met in order for the funding to be drawn down. Station Approach Winchester was due for review before the next Board

meeting to ensure the key milestones had been achieved. However, Winchester City Council had confirmed they were now ready to enter into a legal agreement and had the necessary approvals in place.

b) Weyside Urban Village

- 8.6 The Board received a report on a business case from Guildford Borough Council for the Weyside Urban Village scheme at the July meeting. The request was for £7.5m capital grant to complement a bid to the Housing Infrastructure Fund (HIF) for £52m and a Public Works Loan Board loan of up to £90m. Weyside Urban Village was designated as a Housing Zone by Homes England. Guildford Borough Council were seeking to support the development of 1,500 homes as well as 17,500m² of light industrial and retail space. Significant remediation and enabling works were required to unlock the site for development. The scheme would create 768 direct jobs and 446 indirect and induced jobs and a direct GVA contribution of £175m from the jobs associated with the Weyside Urban Village.
- 8.7 Although the Board were in support of the project at the last meeting it was agreed that funding could not be approved until there was further detail on the relocation of the waste management facility. Surrey County Council and Guildford Borough Council had confirmed they were supportive of the real benefits gained from the relocation of the Waste Facility and Community Recycling Centre. Both agreed they would work together to develop a funding strategy involving Section 106 contributions and a grant application to appropriate funding sources in 2020.
- 8.8 Guildford Borough Council had confirmed that the LEP funding allocation would be repaid if the Housing Infrastructure Fund (HIF) bid was unsuccessful. It was still unclear when a decision would be made on the allocation of the HIF. The Board were keen that the site delivered 40% affordable housing and this figure would be included in the funding agreement.
- 8.9 The Board discussed the project and in particular achieving the 40% affordable housing figure. It was agreed that the wording should be that the ambition was to achieve 40% however there needed to be an option to renegotiate if the figure was not viable. The Board approved the allocation of £7.5m capital grant funding for the Weyside Urban Village scheme.

Action to be taken	By Whom	When
Progress the Weyside Urban Village Scheme to contract.	Kevin Travers	October 2019

9. Brexit – Business Readiness Cluster Activity

- 9.1 The Board received a report which provided information on the role that Enterprise M3 LEP had been requested to undertake in the Government business readiness programme to support businesses to prepare to leave the EU. Ten new regional LEP/Growth Hub clusters had been established across England and Enterprise M3 had been chosen to lead the South Central cluster which comprised Thames Valley Berks, Solent, Coast to Capital and Enterprise M3. An internal Enterprise M3 team had been mobilised to take the work forward.
- 9.2 The Cities and Local Growth Unit had secured funding for the work, the main tasks were:
- Supporting roll-out of regional workshops;
 - Drawing together a detailed programme of events;
 - Gathering and reporting business intelligence;
 - Scaling up business engagement; and
 - Signposting businesses to information sources
- 9.3 Funding had been provided to carry out the work and Enterprise M3 was expected to receive £50k to cover costs of managing the South Central cluster. A further £205k was expected to support the Brexit Business Support work of the whole cluster. The funding would need to be spent by end March 2020. An application was being developed to secure the £255k available. Funding was also being made available to other organisations including Chambers of Commerce and local authorities. A consortium of Chambers of Commerce including Hampshire and Surrey had been successful in their application for £90k to delivery 12 events in October targeted at SME's. All events would be

logged and Board members were asked to advise the Enterprise M3 Team of any events they were aware were taking place.

- 9.4 The Government had set out a programme of regional workshops, there were three being held in the South Central Cluster in Brighton, Southampton and Reading. The Department of International Trade and the Chambers of Commerce had also arranged a series of regional events. The Board was asked to promote the “Get Ready” message and encourage business to attend the national events. It was recognised that the national campaign could be missed by a number of businesses and the LEP would be aiming to engage with those businesses. The Growth Hub and in particular the Growth Champions were well informed and would be a key resource used to target businesses. Gathering intelligence was a key requirement and Board members were asked to feed any intelligence they received to the Enterprise M3 team. EM3 was currently feeding intelligence back to Government on a weekly basis which would increase to daily.
- 9.5 The Board discussed the programme and it was suggested that the events should be streamed online to enable businesses not able to attend the events to view the content. Jason Gaskell requested for something bespoke to be put together for voluntary sector partners. Board Members requested some bullet points on the how to respond to potential questions received. It was recognised that in order to carry out the business readiness work there could be a delay in the other work set out in the delivery plan. An update report would be provided to the November Board meeting on the impact of the business readiness work on other LEP work.

Action to be taken	By Whom	When
Advise Enterprise M3 Team of any business readiness events or business intelligence received – brexit@enterprisem3.org.uk	All Board Members	October 2019
Bullet points to be provided to Board Members to enable key questions to be answered	Sue Littlemore	October 2019
Report to November Board meeting on impact of business readiness work on the Enterprise M3 delivery plan	Kathy Slack	28 November 2019

10. Enterprise M3 Local Industrial Strategy

- 10.1 Stacey King provided the Board with an update on the progress of the Local Industrial Strategy. Work was currently being carried out on the evidence which would be presented to Government in November. There had been engagement with the Government which had been positive and confirmed that the Strategy was heading in the right direction.
- 10.2 Barney Ely informed the Board on some statistics reported to the Skills Talent Action Group (STAG). The Action Group had met on three occasions and was building momentum, however there were more private sector representative required to join the Group. The figures reported that there were job supply and demand issues in the Enterprise M3 area as although there were 832k jobs advertised in 2019 there was a -1.6% growth in jobs. It was felt that there was a skills gap and talent drain going off to big cities, there could also be an issue with affordable housing. Further investigation was required into the figures to identify the cause. This was also highlighted in that only 10.9% of the workforce was aged 25-34 years. The statistics raised a lot of questions that needed to be investigated further to see how they could be addressed.
- 10.3 The Board discussed the statistics and it was proposed that the STAG used the data to ensure colleges were delivering the skills required to meet the labour market. The Careers and Enterprise Company should also be charged with raising awareness of opportunities.

Action to be taken	By Whom	When
Equip Enterprise Adviser Network to raise awareness of opportunities.	Jeannie Satchell	October 2019
Circulate slides to Board Members	Justine Davie	October 2019

11. Enterprise M3 Delivery Plan Update

- 11.1 The Board received a progress review on the Enterprise M3 Delivery Plan. Those areas currently rated as Amber were highlighted. Resource had been committed to take the monitoring and evaluation work forward which would be actioned before the Annual Performance Review. Work had started on the Board diversity work but it was highlighted that the business readiness activity was using up a lot of resources which could have an effect on the progress. The team move to Desklodge had been very smooth and team members had settled in well and were very happy with the new location. Board members were invited to visit and an evening reception was being arranged in October which Board members would be advised of once the date had been confirmed. The Board were advised of the current team structure and the work to review the organisation.

12. Resources, Finance and Audit Committee Report

- 12.1 The Board received a report which set out the 2019/20 outturn position at the end of Quarter 1 and the four-year 2019-23 forecast. The revenue position at the end of Q1 was a forecast £396k increase in net income. The increase in income of £227k was mainly due to the decision to expand the project pipeline bringing forward additional application fee income. The decrease in expenditure of £169k resulted mainly from lower staff costs arising from continued difficulties recruiting staff because of the tight labour market. When the budget was endorsed in March 2019, £319k was expected to be drawn from reserves however due to the net additional funds there would be a £77k increase in reserves.
- 12.2 The four-year forecast showed a requirement to draw on reserves year on year and the financial plan demonstrated that expenditure could be funded in the medium term to support plans however by the end of the fourth year the reserves would be brought down to £0.9m. This would be below the minimum level set in the reserves policy. A range of measures were being considered to address the shortfall which included:
- Securing additional funding from partners organisations
 - Exploring other ways of drawing in funding
 - Increasing the number of interest-bearing loans
 - Increasing the application fee
 - Continuing to review activities and costs
- 12.3 The four-year plan was based on an assumption that a further Growth Deal would be in place from 2022/23. A planning assumption had been made of £30m but this was not confirmed in anyway. Due to the uncertainty around Government plans regarding a further Local Growth funding and the future of Growth Hubs the current plan operated under the prudent assumption that current services would be maintained and where necessary funded from existing revenue reserves. The Government Spending Review should provide a better idea on future income and spending.
- 12.4 The Board discussed the financial report and acknowledged that there would need to be organisational changes and a reduction in costs if there was no certainty on another Growth Deal. The team would carry out some work on scenarios for differing amounts of Growth Deal funding received and report back to the Board.

Action to be taken	By Whom	When
Provide scenarios for differing amounts of Growth Deal funding and impact on revenue budget	Aleks Bennett	October 2019

13. Government Plans

- 13.1 Toni Wootton provided an update on the current Government focus and priorities. The Government was positive regarding the monthly engagement on the Local Industrial Strategy which included Stacey King as a Board Member. The LIS information would be taken to a Government panel in November. The evidence base would need to be published on the Enterprise M3 website. The Board pressured for a decision on future Growth Deal funding to be provided by Government.

Action to be taken	By Whom	When
Publish Local Industrial Strategy evidence base on the Enterprise M3 website	Kevin Lloyd	November 2019

14. Chief Executive's Report

- 14.1 Kathy Slack highlighted the key issues in the Chief Executive's Report which had been circulated. Work had been carried out with Chief Executive's from all local authorities on the LIS activity and there was strong alignment with the Surrey Futures work on Place Ambition and Hampshire 2050, Vision for the Future. The full application to the Managing Authority to access £1m ERDF for the Internationalisation project had been submitted. The Board was encouraged to look at the monthly newsletter which contained details on the amount of activity that was underway. Board Members were reminded to let the EM3 team know if they were aware of any individuals that would be interested in joining the Board. The Board discussed supporting younger people to gain the necessary skills and confidence to join the Board and it was suggested that Board Members produced a blog on why they were Board Members. White Label would be asked to provide assistance to Board Members in producing a blog.

Action to be taken	By Whom	When
Provide assistance to Board Members to create a blog on being a member of the Enterprise M3 Board	White Label	November 2019

15. Joint Leaders Board

- 15.1 The Board received feedback from the Joint Leaders Board meeting held on 19 September. Cllr Colin Kemp was appointed as the new Chair replacing Cllr Clive Sanders. There were four new leaders in attendance and overall there was a good sense of engagement from the whole group. There was a good debate on the scrutiny process to be carried out and Cllr Phil North, Leader at Test Valley BC had agreed to lead on the work. There was also a good discussion on the future work programme and work streams that could feed into the work of the LIS.

16. Programme Management Group Report

- 16.1 The Board received and noted the minutes of the Programme Management Group meetings held on 16 August and 12 September 2019.

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

- Thursday 28 November 2019 – Brooklands Museum, Weybridge (TBC)
- Thursday 30 January 2020 – HQ 11 Infantry Brigade, Aldershot
- Thursday 26 March 2020 - TBC