



Delivering prosperity through innovation

Enterprise M3 Ltd Board Meeting

28 May 2020 - 1.30-4.30pm

Zoom Video Conference Call

MINUTES

Directors in Attendance

Dave Axam - Chair
Debbie Allen – Deputy Chair
Julie Baker
Virginia Barrett
Joy Carter
Linda Cheung
Sarah Jane Chimbwandira
David Clifford
James Cretney
Barney Ely
Rob Humby
Colin Kemp
Stacey King
Jim McAllister
Ross McNally
Caroline Reeves
Kathy Slack

EM3 Team in Attendance

Rachel Barker
Rob Dunford
Sue Littlemore
Kevin Travers
Justine Davie

Apologies

Rob Carr
Ian Harvey
Richard Millard
Brian Woods

Guests in Attendance

Karen Hillen – Cities and Local Growth Unit
Richard Turl – Cities and Local Growth Unit
Jo Gumb – Whitelabel Creative
Andrew Keen – Whitelabel Creative
Ren Kapur - X-Forces Enterprises

Co-opted Members

Mike Short

1. Welcome and Introductions from Chair

- 1.1 Dave Axam welcomed everyone to the meeting. In particular, Joy Carter who was attending her first meeting as a Board Director and Ren Kapur who was attending as a guest.

2. Minutes of the previous meetings & matters arising

- 2.1 The minutes of the meeting held on 26 March were agreed and the actions noted.

3. Chairs Report

- 3.1 The Board received details on the activities and events undertaken by the Chair since the last Board meeting. The Chair had attended a number of meetings with Southern LEP Chairs and CEO's. The focus of discussion had been on how the South was coordinating economic recovery, creating a strong identity and making an investment case for the South with Government. The Group were working on aligning messaging and creating a brand for the grouping
- 3.2 A ministerial roundtable session had been held with Paul Scully, Parliamentary Under Secretary of State (BEIS) and Simon Clarke MP, Minister of State (MHCLG) on 27 May. Business representatives attended the session and the message relayed to Government was that 'investing for growth in the South was investing for growth in the UK'. The key message received from Government was the determination for a growth led recovery and it was acknowledged that

the South could help lift the economy for the UK. Stacey King and Barney Ely were in attendance from Enterprise M3 along with the Chair.

- 3.3 A positive meeting had been held with Ben Spencer MP for Runnymede and Weybridge. The impact Covid-19 had on the aviation industry was discussed and need for lobbying to Government to support the recovery of the aviation industry.

4. **Declarations of Interest**

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

- Dave Axam, Ren Kapur, Rachel Barker, Rob Dunford, Sue Littlemore and Kevin Travers left the conference call during the decision making on the Enterprise M3 Board Appointments item.
- Rob Humby left the conference call during the decision making on the Vaultex Park and Ride, Winchester item.
- Rob Humby, Colin Kemp and Ross McNally declared an interest in the Transport for the South East Final Transport Strategy item but remained on the conference call as no decision was being made.

5. **Covid-19 Intelligence and Response**

5.1 The Board received a presentation on the current economic impact intelligence gathered to date. The intelligence received and compiled was of significant importance and was being called upon from a number of organisations. Enterprise M3 was shown as having the third lowest resilience index score, resilience was calculated using productivity, household income, unemployment and population density weighted risk indicators. The Enterprise M3 area had recovered strongly from the last economic shock but continued improvement of the economy would be a key objective once the initial shock was over. Enterprise M3 area had large sectors that were well set up for working from home however there were a significant number in the retail and care sector where this was less possible therefore there could be an element of reskilling required.

5.2 Enterprise M3 had experience a sharp decrease in active job postings since 15 March 2020 and a steep increase in unemployment. The significance of the impact on the aviation industry was highlighted which included the hospitality industry and freight and cargo. The Enterprise M3 economy had been hit less hard than the UK as a whole in 2008. The most resilient sectors in 2008 were higher value added tradeable services, professional, scientific and technical and information and communication. The arts, entertainment and leisure sector took the longest to recover.

5.3 An area identified which would boost recovery was ICT and digital which was a strong sector in the Enterprise M3 area. The LEP will be doing some work around digital skills and there would be a requirement for Government to address the digital infrastructure in preparation for any future pandemics. Life sciences was another strong area in the Enterprise M3 area and there was a good link between life sciences and the digital sector. There was a lot of uncertainty about the economic outlook and recovery would vary in different locations and sectors. Businesses were now also looking at what they needed to do in relation to leaving the EU.

5.4 Work had been carried out on the best and worst case scenarios for the aerospace, digital, retail, advanced manufacturing and real estate sectors looking at resistance, recovery and renewal and the potential timeframes and issues to be addressed. The actions for recovery and growth were set out and included building the Local Industrial Strategy into and powerful Economic Recovery Strategy, supporting business led innovation and digitising new ways of working. It was highlighted that LEP funds were small but one of the roles of the LEP should be to lead on ways to help grow the economic recovery.

5.5 The Covid Sub Group affirmed the need for the LEP to be intelligence led. The Sub Group suggested that that role of the LEP was to bring the right areas together to work in a partnering

way and ensure people were able to find the right advice and support. There was a strong view that the funding should be used to stimulate recovery rather than prop up the economy.

- 5.6 The Board discussed the information presented. There were a number of issues raised including the difficulties faced by universities and colleges and the potential for Government to make use of further and higher education establishments for reskilling purposes. There was an opportunity for the LEP to help organisation transition and consider reskilling/retraining existing staff to fill positions rather than making staff redundant and hiring new staff. The Board was advised that the Southern LEPs had agreed to make a funding contribution to enable some work to be carried out together as a group.
- 5.7 The need for clean and sustainable growth was discussed and the opportunity to create the new normal. The LEP recognised the need to be consistent with the message regarding clean growth and low carbon and it was proposed that some interested Board members could be brought together to help shape the message on clean growth and create a better definition of clean growth to help people understand the requirement.
- 5.8 Richard Turl highlighted the resilience indicators and although it was positive news that Enterprise M3 was ranked as the third most resilient LEP, this would mean it was even more important that the economic intelligence gathered identified clearly where there were issues in the area, as indicators could influence future funding decisions made by Government. There was strong support for revisiting the Local Industrial Strategy to use to influence the Economic Recovery Strategy. The active discussion on the appropriate delivery vehicle for the South East would help to strengthen the recovery strategy.

| Action to be taken | By Whom | When |
|---|--|-----------|
| Circulate the economic impact slides with the Board | Justine Davie | May 2020 |
| Consider establishing a group of Board members interested in clean growth to create a clear definition and help shape the message | Kathy Slack/Sue Littlemore/Jennie Pell | June 2020 |

6. Enterprise M3 Board Appointments and Governance

- 6.1 Mike Short updated the Board on the work of the Nominations Committee. The Board had been advised in March 2020 that the option to delay the recruitment of a new Enterprise M3 Chair was being explored. The existing Chair was due to retire in November 2020, however, due to the current economic challenges and the need for a Chair that could present a strong business voice, it was proposed that the current Chair appointment be extended by 12 months. Government had confirmed that the National Assurance Framework gave provision to extend the term limit of the Chair by a further three years in exceptional circumstances. The Board agreed that the Term of Office for the existing Chair be extended by 12 months to November 2021.
- 6.2 The Board was requested to consider the appointment of Ren Kapur as a new business support Board Director, replacing Brian Woods who is stepping down as Director on 30 July. Ren was the founder and CEO of X-Forces Enterprises which was the leading organisation in the UK for enterprise in the military community. Ren was also connected with the Federation of Small Businesses at both a regional and national level. The Board agreed the appointment of Ren Kapur from 30 July for a three-year term.

| Action to be taken | By Whom | When |
|---|-----------------------------|--------------|
| Update the Assurance Framework and Articles of Association to incorporate the extension of the Chair's Term of Office until November 2021 | Jordan Tame | July 2020 |
| Arrange the completion of the relevant paperwork to appoint Ren Kapur as Board Director from 30 July 2020 | Justine Davie/Aleks Bennett | 30 July 2020 |

7. Growth Hub Update

- 7.1 The Board received a paper on the Growth Hub service and was advised on the additional funding received from Government for the Growth Hub business support work around the EU exit and in response to the Covid 19 pandemic. The Board was advised that a review was to be carried out on the provision of Growth Hub service and options for future delivery. A further discussion paper setting out the options would be brought to the July Board members and it was requested that delegated authority be given to the Board Sub Group to take any decisions required in August.
- 7.2 The Board discussed the paper and Julie Baker offered to support any review work as had experience working with other Growth Hubs. The Board agreed to the review work, for a discussion document to be brought to the July Board meeting and that delegated authority be given to the Board Sub Group.

| Action to be taken | By Whom | When |
|---|-------------|--------------|
| Report to the July Board meeting on options for Growth Hub service delivery | Rob Dunford | 30 July 2020 |

8. Capital Programme Update and project for consideration

a) Review the Capital Programme

- 8.1 Rachel Barker reported to the Board on the current position with the capital programme. The final expenditure figure for 2019/20 showed £36.9m spend achieved. Outputs achieved included 1,789 new homes, 2,334 jobs created/safeguarded, 8,389sqm of new employment floorspace, 11,664 sqm of new learning floorspace and 742 apprenticeships supported. It was recognised that lower levels of expenditure were expected over the next 12 months and there would be likely delays on the delivery of some projects due to the impact of Covid 19. Reductions in loan repayments were also expected with potential requests for delays in repayments. It was highlighted that there could be major issues with some projects facing future uncertainty and may not go ahead at all.
- 8.2 The Government had advised that they would be allocating two-thirds of the annual Local Growth Fund in May (£28m) and the remaining third (£14m) in September 2020 following a review of contracting and spend. There was no immediate announcement expected on additional Local Growth Funds which would mean no additional projects could be supported at the current time. Discussions with partners would be held regarding projects at risk to ascertain the level of risk. The Board was advised that Government had stated that Local Growth Fund should be spent by 31 March 2020/21 which for Enterprise M3, if all was received, was approximately £46m.
- 8.3 Options for use of unused capital funding were reported to the Board for consideration which included the potential for supporting recovery from Covid-19. There was approximately £5m available for supporting new projects. The Supporting Town Centres fund had already been agreed by the Programme Management Group (PMG) and £500k had been allocated for this project which had been launched on 26 May. Other potential projects that could be supported included ensuring resilience and unlocking opportunities across the current programme, equipping further education colleges across the area to further digitalise their courses and providing advice and support to businesses to meet resilience requirements. Joy Carter requested that the Higher Education establishments be included in the digitalisation work.
- 8.4 The Board discussed the Capital Programme update and supported development of a check list for projects including how they would demonstrate low carbon, provide a radical contribution and identify a step change to current working. The Board recognised it was important to build a pipeline of projects to prepare for any future funding allocations. The Board endorsed the work on the economic delivery plan and the proposed economic recovery fund and noted that any proposals going forward would be presented to PMG or Board in due course.

b) Vaultex Park and Ride Winchester

- 8.5 The Board received a report on an application from Winchester City Council for £5.658m capital grant funding against a total cost of £7.748m for the Vaultex Park and Ride scheme. The scheme would provide a decked park and ride car park which could accommodate up to 300 parking spaces for long stay commuters. It would also integrate sustainable measures including a solar photovoltaic array on the roof of the building to produce renewable energy to support electric vehicle charging. In addition, battery storage would be added into the facility providing support to the electricity grid by providing balancing services along with sorting the green energy generated on site. The battery would also provide dispatchable, sustainable-power for charging the electric vehicles on-site, to meet day-round demand.
- 8.6 AECOM had carried out due diligence on the business case and all comments and questions raised had been addressed by the scheme promotor. Overall the case was considered to be well-supported and no critical issues had been identified, therefore AECOM recommended the scheme for funding approval.
- 8.7 The proposal had been developed as part of Enterprise M3's longer term pipeline due to the lack of certainty about available funding after 31 March 2021 and was therefore being submitted for conditional approval. It was proposed that the project be approved but would only be taken forward if sufficient funding was made available by Government. PMG had discussed the proposal at the meeting on 14 May and recommended the project for conditional approval.
- 8.8 The Board discussed the project and was advised that Vaultex Park and Ride Winchester was part of the Winchester Movement Strategy which included park and ride schemes and walking and cycling schemes. It was highlighted that the positive environmental impacts of schemes would remain of critical importance post Covid-19.
- 8.9 The Board agreed that the LEP provisionally entered into a legal agreement with Winchester City Council to deliver the Vaultex Park and Ride, Winchester project and that £5,647,676 capital grant funding be allocated, subject to sufficient additional funding being received from Government.

| Action to be taken | By Whom | When |
|---|---------------|--|
| Proceed with a provisional legal agreement with Winchester City Council to deliver the Vaultex Park and Ride scheme, subject to sufficient additional funding being allocated from Government | Kevin Travers | Within a month of securing sufficient additional funding |

9. Enterprise M3 Risk Register

- 9.1 The Board received a copy of the updated risk register which had been reviewed by the Resources, Finance and Audit Committee on 14 May. The risk register had been developed at a high level to give an indication of the key risks and the mitigating actions for the Board, sub-groups and Chief Executive. Covid-19 and the quarantine restrictions had been noted throughout the main risk register to reflect that a major risk had materialised and mitigating actions were being put in place to address the issues identified.
- 9.2 The Board discussed the risk register and commented on other areas which could be considered for inclusion. The risk issues put forward by the Board included addressing clean growth, the re-skilling challenge, prolonged working from home and project delivery. The comments from the Board would be considered for incorporation into the risk register. The Board approved the risk register subject to consideration of the comments received.

| Action to be taken | By Whom | When |
|---|-------------------------------|-----------|
| Consider the comments from Board members for inclusion in the risk register | Rachel Barker/ Jordan Tame | June 2020 |

10. AGM and Annual Report

- 10.1 Linda Cheung reported on the preparation for the Annual Report and AGM. Andrew Keen and Jo Gumb from Whitelabel attended the meeting and gave a demonstration of the digital Annual Report which had been prepared in a dynamic PDF format and navigated in a similar way as a website. The Enterprise M3 Team had fact checked the information included and Board members would be asked to check their own information before publication.
- 10.2 The focus of the AGM would be looking back at past successes but would also focus on recovery and resilience. Some of the projects undertaken would be highlighted particularly clean growth/low carbon projects which would support recovery and resilience. An AGM initial rehearsal had taken place and a list of potential questions would be circulated with key messages to Board members joining the panel so answers could be considered in advance.

| Action to be taken | By Whom | When |
|--|----------------------------|--------------|
| Send Board information to individual Board members for checking and approval | Ryan Sutton/ Whitelabel | 15 June 2020 |
| Circulate key messages and potential questions to Board member AGM panelists | Sue Littlemore | 15 June 2020 |

11. Resource, Finance and Audit Committee Report – 2020/21 Final Revenue Budget

- 11.1 The Board received a report on the final outturn 2019/20 position on both revenue and capital funds held by Enterprise M3. As at 31 March 2020 Enterprise M3 held £2.8m revenue reserves and £28m capital funds. In response to the impact of Covid-19 business interruptions and Government's fiscal and monetary response it was anticipated that there would be a significant drop in the income received by 2022/23.
- 11.2 A potential drop of around £700k had been identified in 2020/21 budgeted income, accumulating to around £2m by end 2022/23. Reserve levels were at a sufficient level to cover required activity over the next two years, however without future funding or savings, by 2022/23 the reserves would have fallen to approximately £1m below the recommended level. RFAC had been looking at where savings could be made and identifying additional income opportunities to maintain the reserves at a sufficient level to cover required activity over the next two years. Once the comprehensive spending review was announced there would be greater clarity about future funding. The Board would be updated on progress and any changes at future meetings.
- 11.3 The Board approved the final outturn 2019/20 position on both revenue and capital funds held by Enterprise M3.

12. Enterprise M3 Delivery Plan

- 12.1 The Board received a report on the current position with the Enterprise M3 Delivery Plan. Government had advised LEPs that there was no requirement to produce a delivery plan due to the Covid-19 crisis. However, Enterprise M3 had decided to proceed to ensure that the team, Board and partners were clear on the priorities for the year. This year's Delivery Plan would focus in the first half of the year on supporting businesses to recover and adapt in response to the impact of Covid-19. It was felt it would be an important document to enable resources to be utilised in the most effective way, to priorities new projects and to track progress in year. Performance would be monitored regularly by the team and progress against the plan would be a standing item at Board meetings.

13. Government Plans

- 13.1 Richard Turl and Karen Hillen updated the Board on Government plans and current activity. There had been some rapid engagement with Enterprise M3 on a short term commission from Government, which highlighted the importance of having a pipeline of projects ready to feed into requests received, it was anticipated that there could be more similar requests received. It was also anticipated that there would be more Ministerial meetings of a similar approach to gauge a

sense of direction on economic recovery and renewal plans, it was hoped there would be some further clarity very soon. The local authority work on issuing business grants had been appreciated by Government, there had been an average of 80% issued so far. The White Paper on devolution was expected to be received later in the year with the Comprehensive Spending Review following shortly after, confirmation on funding would be linked to both.

14. Transport for the South East

14.1 The Board noted the proposal to Government to establish Transport for the South East (TfSE) as a statutory body with the ability to exercise greater influence over Government, attract more investment in the region and obtain powers over and above those held by specific authorities and LEPs. The final version of the Transport Strategy would be submitted to Government once it had been approved by TfSE and the proposal to establish a statutory body would be submitted to Government shortly after.

14.2 The Board discussed the Strategy and there was a view that more needed to be included to acknowledge the changes presented by Covid-19 and clean growth. The Board was advised that a meeting had been arranged with Cllr Glazier so those issues would be raised at that meeting. Kevin Travers advised the Board that TfSE had commissioned some work on Covid-19 and the impact on the Strategy which would be reported back to a future Board meeting.

15. Chief Executive's Report

16. The Board received and noted the Chief Executive's Report.

17. EM3 Board Covid-19 Sub Group

17.1 The Board received and noted the minutes of the Covid-19 Sub Group meeting held on 13 May 2020.

18. Programme Management Group Report

18.1 The Board received and noted the minutes of the Programme Management Group meeting held on 14 May 2020.

19. EU Programme Update

19.1 The Board received and noted the progress on the EU Programme. The Board was advised that £500k was to be provided to Growth Hubs from the European Regional Development Fund (ERDF) for Covid-19 related work. The Reopening High Streets Safely Fund would also to be funded by ERDF intended to help adapt urban centres and green spaces for social distancing during the pandemic.

20. Forward Programme

20.1 The Board received and noted the Forward Programme.

21. Any Other Business

21.1 The future Enterprise M3 Board meetings would be held on

- Thursday 30 July 2020 – Zoom Video Conference
- Thursday 24 September 2020 – Southampton Science Park -TBC
- Thursday 26 November 2020 – Winchester University - TBC
- Thursday 28 January 2021 – Tannery Studios - TBC
- Thursday 25 March 2021 - TBC