

**Minutes of HotSW LEP CIC Board Meeting
17 November 2015
at
Exeter Science Park**

Board Attendees:

Adam Chambers
Andrew Leadbetter
Barbara Shaw
Chris Garcia
David Hall
Frances Brennan
Harvey Siggs
Kevin Mowat attending for Gordon Oliver
Mark Williams attending for Paul Diviani
Martha Wilkinson
Martin Brown
Nick Ames
Nick Engert
Sean Fielding attending for Steve Smith
Stephen Bird
Stephen Criddle
Steve Hindley (Chair)
Tim Jones
Tudor Evans

Officers in attendance:

Amanda Ratsey – officer accompanying Tudor Evans
Andrew Moulding – officer accompanying Mark Williams
Chris Atkinson – officer accompanying Harvey Siggs
Heather Barnes – officer accompanying Andrew Leadbetter
Patrick Flaherty – officer accompanying David Hall

Others in attendance

Helena Davison – LEP Comms Manager
Janet Powell- LEP Executive Assistant (mins)
Paul Taylor – LEP Head of Strategy & Operations
Sally Edgington – Assistant Director, BIS South Central & West
Paul Hickson – officer for presentation

Apologies

David Coslett – Board member
Gordon Oliver – Board member
Julia Sweeney - Director, European Programmes & Local Growth Delivery, DCLG
Paul Diviani – Board member

Paula Hewitt – Officer
Tracey Lee - Officer
Simon Barker – Board member
Steve Smith – Board member

Agenda item	Action
<p>1. Apologies as above Thanks were given to Sean Fielding from Exeter University for hosting the meeting at Exeter Science Park.</p>	
<p>2. Declarations of Interest AC: Serco are bidding for the Growth Hub opportunity. Serco/Peninsula Enterprise is a delivery partner for the RGN Pilot. PE is also a supplier for Connecting Devon & Somerset, plus Serco its parent company is operating the Work Force Development (WFD) ESF Programme on behalf of the Skills Funding Agency (SFA) in Devon & Somerset. FB: Pluss organisation has an interest in Big Lottery Funding. SC: South Devon College interest in ESIF and Growth Deal. MW: Devon Community Foundation is involved in a number of partnership bids. BS: Westward Housing Group has an interest in the Housing Report (Agenda item 5)</p>	
<p>3. Draft Minutes of last meeting July 2015 and actions arising Minutes agreed as accurate. All actions completed except those carried forward below:-</p> <p>O/S actions carried forward</p> <p>Action: Offer for Dept. of Work and Pensions (DWP) representative to come and speak to LEP with regard to understanding progression in the labour market - Unable to update as JS not at meeting.</p> <p>Action: LEP Finance & Resources committee to consider the possibility of using Growing Places Fund (GPF) for either grants/loans for soft landing packages to attract new investors to the area – awaiting a paper on GPF for use as soft loans.</p> <p>Action: Board to provide comment on future topics for Board meetings to CG and PT, prior to 17 November board meeting – as very little feedback had been received, resolved to speak to individuals by phone.</p> <p>A query was raised as to whether the LEP could fund the research in order to support the economic case for the Rail Task Force? There is agreement to procure funding up to £20k for this (matched with Cornwall via their Local Transport Board), but there is concern if this is insufficient, whether additional funding could be raised. Agreed that if necessary this could go back through F & R as it is such an important subject.</p> <p>With regard to Energy – is there a LEP wide picture of how many jobs are at risk due to the reduction in the feed in tariff? No, but Regen SW use the figure of 25,000 jobs.</p>	<p>JS</p> <p>AC/CG</p> <p>CG</p>

4. Chief Executive's Report

CG thanked everyone for their best wishes during his recovery from knee replacement surgery.

With regard to the decision papers PF will be introducing the paper 4.2 Devolution Deal and he will also be accompanying DH to future board meetings for the time being in place of Paula Hewitt.

Comments and questions were invited on the CEX report.

- There is still no formal sign off on Growth Deal (GD) 2 from Government, following on from promises of funding earlier in the year and nothing will be forthcoming now till the Comprehensive Spending Review (CSR) announcement on 25 November. Local Authorities expressed frustration at being the organisations liable and at risk if projects run behind time, as their 101 officers will not let them commit to starting projects until formal Government GD 2 letters have been received. The LEP and the LEP Network are called upon to continue to pressurize Government. We now have to wait until CSR and react accordingly. There was strong desire from the Board to increase the LEP's engagement with local MPs and to push them to use their political will at Westminster to ensure that historic funding is honored.

Action: After CSR if no confirmation made, letters to be written to all local MPs and pick up with LEP Network.

With GD 1 back on profile, having GD 2 confirmed will help bring forward projects that are ready to go, otherwise outputs may need to be re-profiled leading to costly exercises in proving the business cases. If we push for 50/60% of GD 2 expenditure at the beginning to bring projects forward, it will be difficult to prove our delivery with GD 1, currently flagged at amber on the risk register, with a 32% risk for underspend. There has been some concerted work to keep the pressure on for GD 1 projects to get back on track, not helped by delays with LA's in signing the funding agreements.

AL is seeing South Devon local MPs next week and offered to use this opportunity to push home the LEP's message to Government in seeking formal notification of GD 2.

- The recent strategic investment agreement signed by EDF and Chinese investors with regard to Hinkley was welcomed and although the announcement was low key, a final investment decision (FID) is expected in the New Year.
- Science and Innovation Audits – opened last week for Expressions of interests (EOIs) with an open call. The four HEI representatives will meet next week to think about a LEP response, but feel the EOI is quite limited, but it is something the LEP is keeping an eye on. There was encouragement to be less wedded to LEP geography and to look at global excellence/use to support clusters but to be

SH/CG &
HD

successful this needs to have industry backing and support from the private sector to buy in innovation and research. Some potential for aerospace but the issue is that the HotSW area does not have enough large businesses who would spend on innovation and research.

- GD 3 any further guidance? There is increasing likelihood that GD 3 will become wrapped up with devolution, greater clarity will emerge in the next couple of weeks, with the integration of devolution discussions.
- Ref paper 4.3 update on European, Structural Investment funds, it was commented that the Dept. of Work & Pensions (DWP) lacks faith in LEPs to manage funding and have therefore been inflexible in responding to other LEPs. (The ESF re-profiling proposed by DWP renders significant elements of this important ESIF alignment unviable with regard to sustainable integration and active inclusion for young people). Despite a letter to the Minister of State for Employment Department for Work & Pensions, the LEP has been unable to influence the DWP nationally on its revisions to financial, outputs and results profiles. Members were reminded that there is a skills theme within the Devolution Deal, with this group being headed up by TE.

Paper 4.2 Devolution Deal, Development of Deal Proposal

At this point the order for papers was altered slightly and the Chief Executive handed over to Patrick Flaherty, Chief Executive Officer of Somerset County Council to introduce the above paper. (see paper)

There was a short introduction to the history of devolution and how it had come about. Currently, following on from a statement of intent, the LAs are in the process of working up a bid (divided into themes), which needs to be turned into a compelling narrative around asks, setting out the vision for the future. Whilst some government departments have come together to look at devolved powers and decision making, some i.e. Dept. Health and the NHS have made little progress and the DWP (as previously stated) has an inflexible approach.

The big issue is the subject of 'Governance' with Government keen to incentivise and encourage areas which adopt 'elected Mayors'. There are strong indications coming from Government that if a Mayor is put forward in a bid – that this will determine a better deal. Overall there are 3 options:- an elected Mayor; a combined authority (or a combination of leaders); or the use of a joint committee.

With regards to timelines:- 19 December is the formal submission to Government, (however our area has a self-imposed deadline of 14 December), the New Year will see a process of negotiation entered into, with a decision made prior to next year's budget, followed by implementation. It is a requisite that LEPs have to be at the table and put their signature to the bid document.

- It was suggested by some board members that the deadline of 14 December is too soon and that further consideration is needed. This matter is for the LAs to decide through the Devolution process, not via the LEP Board. SH's view is that the MPs want more engagement in the Devolution process, and NA reported that the business consultation is generating a good response.

Action: To inform the Chairman if there are any issues that will prevent him from signing the final bid document prior to the 12 December deadline.

All

Discussions continued around:- the LEP has to conform and play the game if it is to get any money in the future; this is not additional funding, it simply cuts into the original spending LAs had; there is an opportunity here to join things up and make things work for the HotSW area; concern raised about separate work streams not coming together in a cohesive approach; have we engaged sufficiently with local MPs and sought their views to ensure all on the same side or do we need to do more? Business leaders have fed back to say:- they're not concerned about governance, but are in favour of more regional decision making, more skills funding and want to know what the vision is for business growth, how does this deal translate into reality for SMEs? Plymouth City Council and TE are leading on productivity and business growth and are trying to tease out what this will look like for businesses. The ability to control business rates via an elected Mayor continue to be controversial but could be used as the linking component into devolution for SMEs. In the meantime what happens to Enterprise Zones and 100% retention of business rates? Whilst Greg Clark has been asked all these questions, Government has refrained from answering, rather setting out the scene to let LEPs ask for what they want in order to see what comes out of the process.

Board members feel that the deal needs to ask for something bold, ambitious and innovative with Government expecting as a minimum 'combined authorities', however the structure and ability to deliver is vital and it will require strong business representation. A combined authority will be public sector led, but could have a series of sub-groups 50% led by business and 50% led by the public sector. Business desire is for simplification, increased efficiencies and for them to see a return on investment. This may need a different type of LEP moving forward in order to respond to a new set of challenges.

There is concern about how transitional arrangements will be managed during austerity cuts, will there be any discretionary funding? Also, to bear in mind the large number of valued people employed by the LAs many with high skill sets, who through no fault of their own will inevitably face change.

To conclude – LEP and Business involvement needs to be ramped up and the final document needs to portray a passion for innovation and transformation.

The Board thanked PF for an excellent presentation.

Paper 4.1 Prospects for devolution in the Heart of the South West: the view from business (see paper)

The above paper was introduced by PT as part of the LEP's role in supporting the development of a 'devolution deal' and to take the lead on engaging with businesses to seek their views on what a devolution deal might look like.

Views have been gathered through: private sector board members seeking views from their own communities; voting at the LEP's Business Conference in September; two further LEP Business Conversation Workshops with business led representative organisations; a business Survey conducted by the Chambers of Commerce.

The private sector board members were thanked for their contribution and assistance in gathering in the views from business.

Feedback has resulted in a broad spectrum of views and reinforces the case that we are on the right track in terms of devolution asks and validates the priorities in the LEP's Strategic Economic plan. Overall there is support for devolution, with a feeling that we can do better locally, but the devil is in the detail! Detailed points will be shared with devolution thematic leads. The Chamber has received 50 survey responses so far.

Action: Link to survey to be shared with board members.

PT

Action: Any further feedback especially from the private sector to be forwarded to PT.

All

Comments were invited:

- SMEs want to see a better system of administration, better quality and consistency, easier to contact, one transport body for the whole area, consistency of business support that is not competitive between Devon and Somerset, single economic team across the patch, same for housing with consistency for affordable housing.
- Of the Social Enterprises consulted, their issues are around business productivity, potential concern that a combined authority maybe seen as too remote, the need for the final devolution document to include a SE strand (economic growth is not solely reliant on a higher level economy).
- Mindful of CSR and impending cuts on 16 – 18 year old skills funding which impacts on local training providers, with funding for larger providers how will this work?
- Current SME governance will not be sufficient, Government will expect the private sector to be just as accountable and will not anticipate the degree of scrutiny and transparency they will need to operate under.
- Very public sector speak document needs refining into something more dynamic and transformational – i.e. this is where productivity is, give us these powers and this is where we will be.

The Chair expressed his view that public sector parties have come a long way in the last two months, particularly in terms of governance, but there is need to shape the bid in order to demonstrate sufficient ambition (i.e. if you give us the money for skills, we have a better way of doing this and this is what you will get).

Is there any more the LEP can do? - continue to be supportive and feedback the business agenda and views, PT continues to contribute into the Programme Management Office, suggest where greater focus is needed, keep Board members updated and communication channels open.

Action: LEP to continue to support the PMO and to help to transform the bid document

CG & team

Advice from our Government sponsor is:- ask for a limited set of things in order make the submission date, a key element is ensuring MPs are involved and on board, being aware of the impact of local Government cuts and to be ready for for the challenge session with Government after the bid has gone in.

The Chair reminded Board members that they will be asked to approve the final devolution proposal – this will be by email, as the next board meeting is not till January 2016 and therefore if there are any ‘red lines’ to let him know.

Paper 4.3 Update on European Structural and Investment Funds (see paper) Introduced by PT.

This has been particularly difficult due to the recent national government process which has revised the funding allocations and outputs associated with the Heart of the South West’s ESIF Strategy, causing delays and unnecessary bureaucracy. The LEP ESIF team are to be congratulated in their effort in keeping the ball moving forward. A letter of dissatisfaction have been sent to James Wharton MP, DCLG and copied to Anna Soubry, MP and Priti Patel, MP but there is no expectation of change.

Currently the team are looking at outputs and funding allocations, reprofiling, how to apply pressure, get projects out of the door and to take stock on spend so far.

This is a prime opportunity for the LEP to engage with local MPs in order for them to put pressure on the Dept. of Communities and Local Government (DCLG). Board members felt quite strongly that the LEP needs to hold the Government to account over delays and revisions to the EU programme, can we lobby other to maximise support?

Action: See if it is possible to draw up a list of projects that will no longer be funded by Government under the EU Programme, dividend by constituency for each local MP in order to engage them to exert their influence.

CG & team

This also raises serious communication issues to the local community in how the LEP puts calls out, if there’s no longer any money i.e. in work poverty is

<p>really important in the HotSW area, but the DWP will not let us spend any money in this area.</p> <p>The LEP Low Carbon Group and their communities are particularly disenfranchised as whole programmes have been dropped (including retrofit), resulting in smaller businesses not bidding for anything else in the future, only big companies will bid into in the future.</p> <p>Action: It was felt the LEP needs an MP to become their ‘go to person’ for the HotSW area, perhaps Gary Streeter to coordinate the other local MPs to fight for the South West. Action to work with LA to determine how best to align lobbying</p> <p><u>Paper 4.4 SQW LEP Annual Review (see paper)</u> Introduced by PT.</p> <p>The LEP (as per Central Government requires LEPs to self-monitor and evaluate their effectiveness) and therefore commissioned an annual review. The review covered what the LEP did well and not so well, plus recommendations and can be used as a performance framework to monitor progress against the SEP. There were no surprises in the report, with business community engagement flagged as one of the areas for development. This review has taken place during the same period two other audits have been carried out on the LEP:- one a local audit by our accountable body SCC and a second one undertaken by the Government Internal Audit Dept. Headline feedback from the national audit is good, with the majority of documents and meeting minutes/decisions now on the LEPs website. The aim from the above outcomes will be to produce a single improvement plan to be reviewed by the LEPs Finance and Resources group.</p> <p>A question was asked about the cost and commissioning of this review. N.B Subsequent to the board meeting, PT emailed the board directors the two main outputs from the annual review in draft for review and comment, prior to finalising and publishing the material:</p> <ul style="list-style-type: none"> - Socio-economic narrative and indicator framework - Achievements and lessons learned document <p>Plus, confirming that the funding for the report formed part of the economic intelligence budget agreed and signed off by the Board at the end of 2014 and was commissioned using Devon County Council’s economic intelligence procurement framework. The total cost was £15,000 (exc VAT).</p>	<p>SH/CG/AL /HD</p>
<p>5. Place Theme Presentation (inc. a paper from the Housing, Task & Finish Group) Jointly presented by BS and PH, (see paper and presentation)</p> <p>To give an update on the work of the LEPs Place Leadership Group which has three task and finish groups focusing on:-housing delivery; working jointly with local nature partnerships; and building a spatial picture for the LEP to provide an evidence base for the SEP.</p> <p>The Housing Report seeks to present the barriers and solutions to house building</p>	

<p>and make some recommendations to the Board for the LEP to develop as part of an overall package of devolution proposals to central government.</p> <p>The Chairman thanked the team for their hard work in compiling the report.</p> <p>The LAs raised major concerns over the report and the apparent extending remit of the LEP, with a fear over unnecessary duplication with planning depts. and what the Homes & Communities Agency (HCA) does, and potentially the paper may not be aligned with each area's Local Plan. Some board members were unclear who the members of the Place Leadership Group, Task & Finish Group were.</p> <p>It was highlighted that due to the late circulation of the paper, many directors did not have the opportunity to read the paper in advance of the board meeting.</p> <p>Action: To circulate to the board a list of members of both the Place Leadership Group and the Housing, Task & Finish Group.</p> <p>It was pointed out that all LAs (apart from Devon) have a representative member on the housing task and finish group whose remit it is to inform and feedback to their respective departments within their LAs.</p> <p>TJ notes that much of this paper is relevant to Devolution in terms of offering a local solution, and NE suggested that rural villages and small towns had a role to play in addressing housing shortages.</p> <p>In conclusion, the Chairman referred the paper for further discussion i.e. with Planning Managers and for it to be fed into devolution discussions.</p> <p>Grid capacity was mentioned as another topic the Place Leadership group will be looking at.</p>	<p>BS/JP</p>
<p>6. Papers for noting No comment</p>	
<p>7. AOB SBird: Raised his concern over whether the members of the Place Leadership Group are able to fulfil their obligations under the Terms of Reference to take back feedback to their respective organisations and brief all concerned. PF: Highlighted the complexity of LA organisations and questioned whether those attending the Leadership groups were sufficiently senior enough? BS: The process and remit of the Leadership groups lies in question unless the TOR can be reinforced or the board provides further focus. Action: To reinforce the TOR process with all Leadership Groups.</p>	<p>GG/NA/BS SC</p>

Next Board meeting: - 20 January 2016 from 10am – 1pm at the NFU, Exeter