



**Minutes of HotSW LEP CIC Board Meeting
15 March 2016
at
Midas, Exeter**

Board Attendees:

Adam Chambers
Andrew Leadbetter
Chris Garcia
David Hall
Emma Cox attending for Stephen Criddle
Frances Brennan
Gordon Oliver
Harvey Siggs
Judith Petts
Mark Williams attending for Paul Diviani
Martha Wilkinson
Martin Brown
Nick Ames
Nick Engert
Chris Evans attending for Steve Smith
Simon Barker
Stephen Bird
Steve Hindley (Chair)
Tim Jones
Tudor Evans

Officers in attendance:

Heather Barnes – officer accompanying Andrew Leadbetter
Alan Denby – officer accompanying Gordon Oliver
Patrick Flaherty – officer accompanying David Hall
Stuart Brown – officer accompanying Harvey Siggs
Tracey Lee – officer accompanying Tudor Evans

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

Apologies

Barbara Shaw – Board member
Paul Diviani – Board member
Stephen Criddle – Board member
Steve Smith – Board member

Board paper	Decisions	Decision agreed
4.1 Growth Deal 3 Process	The Board is asked to approve the approach to 'Growth Deal 3' as per paper	In principle the Board approved the approach, subject to receiving a supplementary note describing the rules by which a loan can be applied for under GD 3.
4.2 Devolution next steps	<ol style="list-style-type: none"> 1. The LEP Board gives its full support to the devolution partnership and encourage: <ol style="list-style-type: none"> a. Scale of impact b. Strong business voice in ongoing governance c. New and effective ways of working in delivery structures 2. The LEP (private sector Members) to continue to represent and act as the strong 'voice' for business in the discussions and the development of the HotSW Devolution deal. 3. This relationship to be formalised - via a signed MoU / Mandate and with continued business engagement - and for continued dialogue with the business community about Devolution. 4. For LEP staff and teams to work in conjunction with the Devolution process and with the Project Management Office and to support the Communications Strategy. 	The board agreed proposals 1, 2 and 4. It was suggested by private sector board members that they would individually engage with individual business organisations to develop these relationships.

<p>4.3 Growth Deal 2 issues</p>	<p>To agree to amend the Growth Deal 2 funding allocated to Phase 3 of the Somerset Energy Innovation Centre (SEIC) to be utilised in Phase 2, as discussed by the Strategic Investment Panel at their meeting on 3rd March. This follows recent information from DCLG about changes to European (ERDF) funding for Nuclear build and decommissioning projects.</p> <p>To note the increased risks to fund the Tiverton Urban extension and the mitigation actions being taken.</p>	<p>Agreed, with the proviso that any future changes to GD 2 projects including risks and mitigating circumstances will be brought back to the Board for their approval.</p>
<p>4.4 LEP Budget 16/17</p>	<p>Directors agree the budget submitted and delegate its management to the Finance and Resources Committee. Any variances in budget lines (singly or in aggregate) of more than 10% or £100,000 would require reference back to the board.</p>	<p>Agreed</p>

Agenda item	Action
<p>1. Apologies as above Welcome to Prof. Judith Petts, new board member and Vice-Chancellor, Plymouth University who replaces David Coslett, the Interim Vice- Chancellor who stepped down at the last board meeting. Also to Emma Cox, Vice- Principal for Finance and Resources, Yeovil College standing in for Stephen Criddle.</p> <p>Apologies from Chris Evans, Exeter University standing in for Steve Smith who has been unavoidably delayed and is due to arrive approx. 11.00am.</p> <p>Julia Sweeney, Senior Government sponsor has stepped down and will be replaced by Tom Walker, Director, Cities & Local Growth Unit - Cabinet Office, BIS, Dept. for Communities & Local Government (DCLG) and Simon Ridley, Director General Decentralisation & Local Growth – DCLG, covering both Cornwall and Isles of Scilly and HotSW LEPs. An introductory meeting is taking place next week with both sponsors and LEPs.</p>	
<p>2. Declarations of interest AC: Serco via Peninsula Enterprise delivering Growth Hub "Service for All" and is providing the Get Up To Speed service for Connecting Devon and Somerset (CDS). Serco has an interest in some of the current and future ESIF calls. FB: Pluss organisation has an interest in Big Lottery Funding and future ESIF funding. MW: Devon Community Foundation is involved in a number of partnership bids for Big Lottery Funding and future ESIF funding. EC: Yeovil College has an interest in Growth Deal, HPTA bid and interest in the Career College. SBarker: Augusta Westland has an interest in future ERDF funding. AD: Torbay Council has an interest in ERDF Business support programmes. SH: Midas is bidding for work at South Yard in Plymouth (which is funded by the LEP) but not personally involved. JP: Brother, John Armit on the board of the National Infrastructure Commission.</p> <p>CG: Conflicts of interest are currently being reviewed and the board minute section on the LEP website will link through to everyone's declaration of interest forms. In future, hard copies of Director's interests to be circulated at each board meeting. The Chief Executive will also intercede and bring to the Chair's attention any potential conflicts of interest that arise during discussions at board meetings.</p>	
<p>Presentation. Nuclear/Hinkley update – David Hall and Paul Taylor David Hall set the scene giving a an EDF/Government perspective which reiterates the absolute conviction of all to proceed with Hinkley. The final investment decision (FID) is close, with some financial issues to resolve before the final package is put before the EDF Board and the anticipated go ahead is given. There is acceptance by EDF that recent media communication could have been managed more effectively and recent news stories suggests the tide is turning to create more positive messages.</p>	

It was felt it was high time the area received a ministerial visit e.g. by Amber Rudd, Secretary of State for Energy and Climate Change to endorse Hinkley and to give a statement of reassurance on behalf of the Government that it is still committed to Nuclear Energy.

Paul Taylor, LEP Head of Strategy and Operations, gave a power point presentation to outline and demonstrate what the LEP can do to broaden out and maximise the nuclear opportunities within this industrial sector (presentation attached).

The presentation focused on getting the message across both nationally to Government and locally to realise the scale of the broader opportunities and what these are, in having the first nuclear power station built in the UK for years. Similarities are made between the success of the French Nucleopolis cluster where partners have joined together to become quite a powerful voice and what we can achieve here in the South West between the partnership of West of England, Gloucester and HotSW LEPs, under the banner of Nuclear South West.

Support is sought from the Board to adopt this approach, providing a workable model that can be used as a blueprint for other opportunities.

Discussions continued and included:- ensuring HotSW Universities draw upon the skills expertise from Universities elsewhere; the future security of energy and limitations on the regional network; the capacity of the national grid to feed into it; that partnerships need to also include international ones i.e. Hitachi, Toshiba etc.; to include the good work of the Hinkley Strategic Development Forum (HSDF); to impress upon the Government the emergence of a new industry sector is there for the LEP to develop and to seize the opportunity; to uncouple the mixed messages currently coming out of Government across departments including the Dept. of Energy and Climate Change (DECC) to seek clarification on the UK's long term energy strategy and the importance of managing the risk associated to Hinkley, if any further delays continue down the line, in terms of mitigating transformational objectives and job numbers.

It is also recommended that the HotSW LEP establishes a good working relationship with the Nuclear Industry Council and seeks to join up with Cumbria LEP to demonstrate the UK value of the sector (but to be clear on the impact for the SW).

Everyone was thanked for their contributions and the Board were supportive of this approach.

Action: LEP to issue a positive PR statement of support for Hinkley

Action: To actively work behind the scenes and hold Government to account on its energy strategy.

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<p>3. Draft Minutes of last meeting 20 January 2016 and actions arising.</p> <p>Feedback on actions:-</p> <p>Action: An update on Board housing interventions to be provided to the Board via the Place Leadership Group in order to better understand the issues. This will be taken up with the Local Authorities (LAs) and progressed through the Devolution programme.</p> <p>Action: Further information on Youth Deal element of City Deal for MW. To chase up.</p> <p>Action/s: Economic Dashboard within CEX report to add data on skills attainment and interrogation of labour market statistics to understand Somerset reduction in Job Seekers claimants. Further edits will be available for the next Board meeting in May.</p> <p>Action: To work with Coast Communication to keep MPs engaged on the issues facing HotSW connectivity (road and rail). SBarker/AL/SBird met with local MPs on 8 March in London to press this point. CG met with Claire Perry, the Transport Minister on 14 March on a local station matter but also managed to raise the disparity of funding for the SW, lack of investment in the area and the cost escalation of stations.</p> <p>All other actions completed and minutes accepted as accurate.</p> <p>Further actions arose when discussing the last minutes</p> <ul style="list-style-type: none"> ➤ to ensure local MPs are reminded of our connectivity issues (A303, failure to invest in rail etc.) ready to counter debates in Parliament after the Budget is announced on 16 March, in light pre-budget indications of Northern investment for roads and rail. ➤ To liaise with partners on how to support / organise another Downing Street Office delegation from HotSW. ➤ To link into and engage with the National Infrastructure Commission and Lord Adonis on SW Infrastructure Strategy to ensure the SW is not left behind. 	<p>JP</p> <p>PT</p> <p>CG/HD</p> <p>CG/HD</p> <p>CG/SH/PT</p>
<p>4. Chief Executive's Report incorporating a number of papers for decision</p> <p>Questions were invited.</p> <p>Action: A request for more detail around the Connecting Devon and Somerset (CDS) contract, an update will be provided at the next Board meeting in May.</p> <p>There were some concerns raised by Board members about the changes in European Structural Investment Funding (ESIF) funding strategy which made the</p>	<p>DH</p>

Dept. of Work & Pensions (DWP) European Social Fund (ESF) opt- in unviable and how choices and decisions had occurred. The loss of funding to address in-work poverty is a major issue given the challenge to close the productivity gap. Technically there is no governance issue but accepted that the Board need to have kept better informed.

Also, concern about the DWP delays in procuring ESIF programmes and the potential impact on the Voluntary Community & Social Enterprise Sector (VCSE) being able to remain economically viable in order to continue working with marginalised groups to help target support to help them into work.

Further concern, that our LEP will be disadvantaged by the lack of a DWP programme, Cornwall and IoS LEP have an £11.6m programme, Dorset have a £3.7m programme and Swindon Wiltshire have just announced £2.7m all targeted at economically inactive or long-term unemployed into sustained work. In addition to Big lottery programmes targeted at engaging economically inactive.

Subsequent to the Board meeting, with regard to the above, a note was circulated by Paul Taylor to Board Directors to explain how the Big Lottery opt-in was taken up, the details of which are below.

1. The original intention in our ESIF strategy was to run an 'Opt In' with DWP to address in work poverty.
2. DWP took some time considering the LEP's proposals, finally responding to say they could not support this activity. They were only willing to match activity supporting individuals who are out of work.
3. Subsequently it came about that both Big Lottery and DWP – two of HotSW's opt -in providers – were proposing to support the same type of individuals and activity.
4. The People Leadership Group (PLG) in association with DWP suggested a new opt in arrangement which drew a distinction between a) Big Lottery support for individuals furthest from the labour market, and b) DWP activity aimed at individuals closer to the labour market and with less complex needs.
5. The HotSW ESIF Sub-Committee agreed the Big Lottery opt in, and agreed to sign off their funding agreement with DWP and launch their programme. The LEP (PLG) concurred with this.
6. DWP also agreed the scope of their revised opt in, and this went through ESIF Committee as well. No calls were agreed at that time, as this needed to follow the Big Lottery calls, required clarity from the national Work Programme and the importance of adding value to other national programmes, as well as completion of City Deal activity to avoid overlap.

7. More recently the Managing Authorities (MAs) initiated a reallocation of funds based on exchange rate movements – which had the effect of significantly reducing the pounds sterling value of our ESIF programme (both ERDF and ESF).
8. As Big Lottery had launched calls already, this funding was treated as committed. And as the activity agreed with both opt- in organisations fell against the same priority axes, there was no funding remaining / available to continue with the DWP opt in.
9. There has been dialogue within the ESIF committee, People Leadership Group and LEP management group, and also at a local authority pre-meet of the Board where this was raised. However, the LEP was advised that DWP as MA were not minded to change their position on reallocations, nor will they support shift of funds between different axes. As the LEP had no decisions to take no paper was brought to the Board.
10. There is potential that exchange rate fluctuations might provide scope in the future and reverse this.
11. Priority now is on focusing spend and achievement of outputs to achieve performance reserve and draw down of remaining investment.

Board Directors feel there is a great lack of alignment and timing of Government programmes, which is at a critical point and means that products coming out of Government are not 'fit for purpose'.

The HoTSW ESIF Committee have fed all these issues back into a review and the Dept. of Communities & Local Government (DCLG) are beginning to pick up messages that these products are not gelling together to suit local economic needs.

Action: To ensure that major variations in ESIF Funding programmes (such as above) are brought back to the Board's attention in future.

The Board were reminded that there is a big opportunity within the Devolution agenda to think about skills, low paid jobs and productivity so hopefully some of these issues can be addressed here.

If conflicts of interest can be put aside, two of our Board Directors – MW & FB made an offer to support the Chair (SBird) of the HotSW ESIF Sub Committee in the event more favorable exchange rates in the future result in a surplus of funding available to help address concerns.

4.1 Growth Deal 3 process paper

The paper anticipates a headline announcement tomorrow in the budget on the amount left in the Growth Deal funding pot, however further detail on the process and deadline for bids is expected at the LEP network Annual conference on 22nd

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Commented [CG1]: We need to add to minutes of each decision paper what was agreed

March. Deadlines for submissions from LEPs are thought to be June/July and will involve a competitive process with distinction made between those LEPs with Devolution deals.

Advice suggests that we look at how exciting our pipeline of projects is and the amount of private sector match available, both of which will be factors in Government decision making. Whilst GD 3 is a working title, it may be a different process to the previous 2 rounds and full business cases will not be required at submission stage, as these will be worked up within the assurance framework.

The LEP needs to be able to re-visit its pipeline projects, but also at the time of the call, have the ability to consider other projects. This will be an important message to communicate to the partners throughout the process.

Some questions were explored: Is it the Government's intention to fund national infrastructure projects with

local deals? In this case, the LEP could support lots of enabling infrastructure (e.g. energy, digital, site access etc.) whilst still focusing on important transformational project that knit all the local connections together. It is noted that there will be other funding pots around the budget, however some of the LGF will be allocated back to national agencies and departments including the HCA, DfT and BIS, to fund national housing and transport programmes and to support FE college area reviews. The LEP needs to think about how it can access these other funding opportunities in conjunction with
GD.

The LEP will also need to understand the rules of engagement i.e. match funding and private sector leverage, whether loan first principle in order to recycle monies as this represents a significant shift from other GDs. The LEP needs to be absolutely clear on any overhanging claw backs and consult the third sector.

Action: The Board to be supplied with a supplementary note describing the rules by which you can ask for a loan under GD 3.

4.2 Devolution next steps paper

The Devolution prospectus explains the journey so far and the team are now concentrating on inputting the key details to provide the justification for its proposal. A governance review is also required in which there needs to be an options appraisal, no small task and is envisaged this will take approx. 6 months. It is acknowledged that there is more work required around recommendation 3 in the paper - for continued business engagement and dialogue with the business community about Devolution.

Advice is to look to our close borders/ neighbouring LEPs those with similar structures. It is implied that greater investment from government will be allocated

CG / PT

<p>to areas that propose Mayors. There are however, many different options surrounding the role of Mayors.</p> <p>It is important, within the Governance review of the Devolution deal to include the voice of business, and the LEP will reflect this in any future recruitment drives for new Board Directors.</p> <p><u>4.3 Growth Deal 2 issues</u> The funding letter confirming GD 2 has now been received from Government and provides some consistency on how the funding will operate, if the full allocation of monies are not spent on a particular project. There is clearer guidance on how the Forder Valley retained scheme will operate; when the annual budget has been agreed by the LEP, it will be transferred to DfT from the LEP's annual Growth Deal allocations. Any savings before this point will be retained by the LEP, and after this point will be the responsibility of DfT</p> <p>Any future changes to GD 2 projects including risks and mitigating circumstances will be brought back to the Board for approval.</p> <p><u>4.4 LEP Budget 16/17 paper</u></p> <p>The budget is divided between 3 columns of Core funding, Growing Places funding (GPF) and Growth Deal funding. The core funding of £500k has also now been agreed from Government against which the LEP had to evidence £250,000 of match funding. The LEP is able to top slice up to 2% of Growth Deal funding and use this for programme management and special projects. A fund will also be established for small scale feasibility studies and special projects to be managed through Finance and Resources committee provision of £100k has been made for devolution requirements on the LEP, but if not required will go back into the special funding column. There is still some additional work to be done on the budget but this will be finalised with Somerset County Council (SCC) after year end. The LEP is able retain a small Core team due to the work and flexibility of staff resources through our service level agreement (SLAs) with the Local Authorities. The Budget has been worked up with Somerset County Council and the LEPs Finance and Resources Committee to provide the detailed figures.</p> <p>The LEP is currently working on drawing down the Technical Assistance (TA) funding of £170k which is extra funding (not currently in the budget) which would need to evidence through the activities of LA colleagues. The LEP's thanks go to Sam Seddon of SCC and Julia Blaschke of Plymouth City Council who are providing the detail for this evidence.</p>	
<p>5. Papers for noting No comment.</p>	
<p>6. AOB</p>	



<p>NE: Query with regard to affordable housing and what the LEP is doing about this to address the issue. Whilst discussed at Place Leadership group this is being specifically taken through the devolution working groups.</p> <p>Action: An update to be given to NE of work in progress within the devolution work groups to help address affordable housing.</p> <p>SH: Once again thanks to David Coslett, Interim Vice Chancellor of Plymouth University for his time as Board director whilst in office. It was also noted that HotSW's Universities of Plymouth and Exeter were recently rated amongst the best in Europe.</p> <p>Thanks were also given to Tudor Evans for his time as Board director, as it was recognised that Plymouth and Exeter have city council elections coming up with the outcome unknown at this time.</p>	<p>CG</p>
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