

Minutes of HotSW LEP CIC Board Meeting
20 January 2016
at
NFU, Exeter

Board Attendees:

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

Officers in attendance:

Heather Barnes – officer accompanying Andrew Leadbetter
Kevin Mowat – officer accompanying Gordon Oliver
Mark Williams – officer accompanying Paul Diviani
Patrick Flaherty – officer accompanying David Hall
Tracey Lee – officer accompanying Tudor Evans

Others in attendance

Anna Coltman – Policy Officer from Association of Directors of Environment, Economy, Planning and Transport (ADEPT) shadowing Heather Barnes
Janet Powell- LEP Executive Assistant (mins)
Julia Sweeney - Director, European Programmes & Local Growth Delivery, DCLG
Paul Taylor – LEP Head of Strategy & Operations
Sally Edgington – Assistant Director, BIS South Central & West
Paul Hickson – officer for presentation

Apologies

Steve Smith – Board member

Table of decisions

<u>Board paper</u>	<u>Decisions</u>	<u>Decision Agreed</u>
4.2 GD 3 Funding	<p>Scenario A: Government confirms that Growth Deal 3 will operate as per previous rounds</p> <p>Or</p> <p>Scenario B: No Growth Deal. Local Growth Funds allocated through Devolution Deals</p>	For review at March Board, pending Gov'ts decision.
4.3 Business Priorities	Asks the management team and accountable body to develop the plan for finalisation in March 2016.	Agreed, subject to 2 actions to amendments detailed in the minutes.
4.4 EZ governance	<p>Each EZ managed through local delivery by local partners with best knowledge of local EZ sites – a light touch approach.</p> <p>LEP should agree the business plan for each EZ – so common aspects can be highlighted and agreed through consensus.</p> <p>LEP should act as single point of contact for Government.</p> <p>All EZs included in existing programme management reporting as part of existing PMO.</p>	Majority of Board agreed with option b light touch, but require further business rate clarification from the Gov't before finalisation. Update for next board.
4.5 Cluster development policy	<p>Agrees to the development of our Smart Specialisation approach through the development of our 'Clusters' as identified in our current strategies and future Science and Innovation Audit</p> <p>That our work should focus initially on Nuclear, Aerospace, Marine and Environmental Futures – though subsequently being extended to others; our principles being:</p> <p>We should work (with neighbouring LEPs where this adds value) to support activities that generate better jobs, better prosperity and economic growth</p> <ol style="list-style-type: none"> a. We should see our role as pump priming b. Once established as clusters, development must be funded by businesses <p>This focus should be included in our plan for 2016/17 should be sought to this approach.</p>	Agreed to support the recommendations in the paper, but in a facilitatory/broker role.

Agenda item	Action
<p>1. Apologies as above Thanks were given to NFU for hosting the meeting at Agricultural House, Exeter. Anna Coltman was introduced as above.</p>	
<p>2. Declarations of Interest AC: Serco currently preferred bidder for 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. SC: South Devon College interest in ESIF and Growth Deal. MW: Devon Community Foundation is involved in a number of partnership bids for Big Lottery Funding and future ESIF funding. DC: Plymouth University interest in ESIF funding and Growth Deal.</p>	
<p>3. Draft Minutes of last meeting 17 November 2015 and actions arising A correction to be made with regard to local MP engagement, otherwise minutes accepted as accurate.</p> <p>Feedback on actions:- 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. Both the F & R and Strategic Investment Panel (SIP) have considered the amount remaining in GPF, taking into account loan repayments, risks and variances and currently prefer to leave the balance as a 'fighting fund' to address future needs. It could also be potentially used for those valued projects that fall off via other funding routes.</p> <p>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. This is currently still ongoing and will be referenced under the ESIF Paper.</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. This is currently in hand with Coast Communications.</p> <p>Reference was made to the Housing Report presentation and when feedback would be available from Local Authority (LA) colleagues, as the issue of affordable housing is considered urgent to take forward? Whilst significant work has already been carried out by Government with its affordable homes ownership schemes and new homes bonus, the board feels it needs to have a clearer</p>	

<p>understanding of its roles and responsibilities in this area and how and where future interventions can be made in order to assist in supporting this issue. The Government regulations to cut social housing rents by 1% each year for the next four years from 2016 will also have serious impact on Housing Associations and LA's to deliver these savings and will raise questions over their ability to build new homes.</p> <p>Action: An update on Board interventions to be provided to the board via the Place Leadership group in order to better understand the issues.</p>	<p>CG/BS</p>
<p>4. Chief Executive's Report Questions were invited. The importance of applying lessons learnt from Growing Places Fund (GPF) projects was noted, with regard to conditions and variances, so that these could be taken into consideration with other projects in the future.</p> <p>Further elaboration required around the Youth Deal element of City Deal. Action: to be taken off line with further explanation provided.</p> <p><u>Science and Innovation Audits</u> SF was invited to give an update. The Government has invited universities, cities, LEPs and businesses to map the strengths of different regions through a series of science and innovation audits in order to support the delivery of England's Smart Specialisation strategy to particularly highlight areas of geographical strength. Therefore, GW4 (an alliance of the four leading research intensive universities in the South West of England – Bath, Bristol, Cardiff and Exeter) are leading on an approach for an Expression of interest (EOI) which needs to feature exceptional world leading strengths with an exciting pitch. Members are now in possession of a first draft and the EOI needs to be submitted by 29 January. We are trying to ensure some of the key strands within the draft, dovetail with the LEP's priorities of Nuclear/Marine and Environmental Futures. Whilst no monies are involved at this stage to shape the proposal (universities have committed resources so far at their own cost) the end result will be to get on a short list for future funding. The draft will be forwarded to the LEP.</p> <p>Action: If any individual members wish to be involved or know of any businesses that would benefit from this research, please liaise with SF.</p> <p>The problem for our area remains one of not sufficient enough large companies who can afford to pay for/ or require this research and the EOI needs industry backing to make the proposal viable. Agusta Westland is actively supporting this, as well as large companies in Cornwall involved in the space race, the military and MOD in terms of advanced engineering, plus the micro-electronics, photonics and digital analytical companies. The next stage will be to involve smaller companies if the EOI is accepted.</p> <p><u>4.4 Enterprise Zones governance paper</u> The order of papers was re-arranged to allow Paul Taylor to depart for a SW I Aero Board meeting.</p>	<p>CG/MW</p> <p>All</p>

Apologies were given to Mendip District Council and Cllr Harvey Siggs for the omission of the Food Enterprise Zone (in Shepton Mallet) in this paper.

PT introduced the paper stating that with the recent single application which comprises two locations:-Huntspill Energy Park near Bridgwater in Somerset and the Exeter & East Devon Growth Point area, we now in effect have 3 Enterprise Zones (including the South Yard one). Appendix 4.4 1 was added as feedback from the recent Government’s EZ meeting in London on 13 January.

The paper presents options to the Board for governance and management of the LEP’s Enterprise Zones, with a number of options and models highlighted. However the recommendation for the Board is to adopt option B - Light touch, Performance & Reporting only as discussed by the Strategic Investment Panel (SIP) at their meeting on 5th December and in agreement with local authority officers.

Enterprise Zones allow local areas to retain 100% of new business rate growth, however the Gov’t intends to fully devolve business rates to LA’s from 2019/20 so the incentive provided by this is weakened.

Lengthy discussions ensued with queries around:- whether option B will comply with what Gov’t wants; the uncertainty over business rates and the understanding of these future implications for authority 501 officers, business rate equalisation, the expectation of discounted business rates from the business community, the start of re-evaluations taking place next year - likely to mean shortfalls to authority tax revenues raised; are EZs still an attractive proposition for LEPs? the definite need to understand the funding for EZs, as this affects other decisions being made by the SIP for grants under Investment for Growth and Growth Deal (GD) programmes. Whilst most board members agreed with Option B it was agreed that more clarity was needed from the Gov’t’s on the business rates process.

Action: Resolved to escalate the issue of business rate clarification to the Gov’t with re-assurance in writing required prior to the next Board meeting in March.

CG/SE

The meeting returned to further discussions and questions on the CEX report.

Action: Within the CEX report to add into the economic dashboard some data on Skills attainment. To also ensure the commentary behind the graphics matches the dashboard (currently there is a mis-match).

PT

Action: To interrogate the labour market statistics from the Economic Dashboard in order to understand why there has been a 25% reduction in Job Seekers claimants in Somerset over the last year in order to ensure that best practice is shared and feedback is provided to the Board as to how this was achieved.

PT

A query was raised over GD 1 spend and whether this is still an issue? The SIP continues to review progress against all projects on a monthly basis and whilst some projects have experienced delays (due to procurement), work is currently on-going to minimise delays and with the accountable body to ensure no monies are lost against profile milestones. With this in hand, no project has so far unraveled, nor are there any issues pertaining to the viability of projects. There is huge support from LA partners and the private sector to assist in solving any potential holdups. We are now in a much better position than three months ago with the status of amber reflecting that there are issues, but that nothing is out of control.

Tracey Lee was asked to update the board on rail issues from a Peninsula Rail Task Force (PRTF) perspective. The task force looks at resilience in the network, capacity, journey times etc. Network Rail (NR) and Dept. for Transport (DfT) have recently confirmed that there will be no further funding for development in the South West prior to 2019 and no funding for the two key NR studies on journey time reduction and electrification, which are essential to the PRTF report, commissioned by DfT and the Prime Minister and due for publication in summer 2016. Any development or ambitions for the next control (funding) period will have to be bid for, in conjunction with everyone else.

This means that the South West will be at a severe disadvantage. Our connectivity is pivotal to our economy, enduring a legacy of minimum investment for many years. Poor rail links have impacted on inward investment, business confidence and a host of other factors that have stifled our economy. This, therefore means that all work on reducing journey times has halted and there will be no further work on the Dawlish line till 2019 and no work for resilience till 2024.

These concerns have been raised by Andrew Leadbetter who leads the All-Party Parliamentary Group (APPG) for Rail in the South West.

Board members agreed that by not having a resilient rail network, faster journey times and progressing work for better coastal protection defences, that this will affect goods/services and businesses up and down the line and all the way down as far as Penzance. It also has a huge impact on the Tourist industry and it's 2 million visitors, (the South West being the second largest tourism destination next to London) so this is an important issue for the LEP to prioritise and lobby on. Recent indications coming from Gov't also show some backtracking on A30/A303 (with the A358 completely left out) and the feeling is that combining these two issues will provide a stronger voice in order to focus lobbying on.

Action: To work with Coast Communications to lobby Gov't eg via our local MPs in order to escalate to the Treasury to keep its pre- election promises on road and rail.

4.1 Comprehensive Spending Review (CSR) implications paper

Credit given to Devon County Council staff whose material has been used to

SH/CG/HD

compile this paper, which covers the principal messages of what has come out of the CSR in order to update the Board.

There were concerns over; changes to the new homes bonus and the diversion of funds to health and social care which will provide challenging to LA's; education funding cuts, currently the HotSW area lags behind education funding per pupil and the overall continued shrinking of LA budgets. The Chair reminded all that devolution deals were the only funding opportunity on the table.

4.2 Growth Deal funding paper

This paper updates the Board with the latest intelligence on the likely nature of any further round of Growth Deals / Local Growth Funds.

It is not known whether there will any further rounds of Growth Deal funding or not, ministers are still debating this, or whether a round 3 will become part of any devolution deals. There is no timescale for decisions or processes on this. The LEP is prepared for any eventuality, but will need to manage expectations and put on hold any communication messages for the time being. A cautionary note was sounded that GD 1 & 2 will have end expenditure dates and if not spent by these dates, the expectation will be that monies left over will be clawed back, so these projects need to be managed very carefully.

4.3 Business Plan/Priorities for 2016 paper

This paper sets out the first draft of a business plan / set of priorities for the LEP for the new financial year 2016/7 but is dependent upon a number of factors still being confirmed. Directors are asked to recommend; the first draft and for feedback on priorities. As yet there is no confirmation of funding for next year, upon confirmation of funding, the Plan will be developed further through the Finances and Resources Committee with the final plan being presented to the Board at the next meeting in March.

The following comments and points for priorities were made:-

To expand on Page 4 under People section, to incorporate the financial resilience of low skilled jobs, i.e. moving employees into higher paid jobs to improve their overall financial status – a topic also to be raised at the next Construction meeting in February.

The Dept. of Work and Pensions (DWP) will not fund or address in-work poverty (especially significant for our LEP with regards to those living in rural areas) and therefore it is important for the LEP to find alternative ways to tackle this along with the persistent deprivation issue.

A key priority via the Leadership groups will be to find those smaller businesses who have an appetite to grow and to focus on these.

The focus needs to be on productivity and for more information, advice and guidance (IAG) for young people to inform them of the vocational qualification opportunities that will exist in new emerging economies i.e. in digital skills routes - perhaps a sub group opportunity, within the People Group, to look at the wider picture?

Directors all feel that superfast broadband should be treated like a utility and a 'must have', but unfortunately this poses challenges with developers as they insist on their own arrangements for their developments with regard to services.

Action: To amend the Business Plan to aspire to 100% broadband connectivity as reflected by the Board as opposed to the Govt's target of 95%.

CG

Action: To amend the Business Plan Page 11, taking out reference to staff member on sick leave.

CG

5. Implications / opportunities of skills area reviews – see paper

This paper was introduced by Stephen Criddle in order to update the Board.

The Gov't commenced a series of Area Based Reviews of Further Education Colleges in October 2015, due to the concern about the worsening financial health of the College sector. The objective of the reviews is to create a stronger educational offer through a locally driven process. This will include a strengthened capacity to deliver apprenticeships and high level professional and technical training. They also improve efficiency and value for money. Colleges in Devon and Cornwall are fifth in line for review. Surprisingly, the draft programme shows an intention to review Somerset separately and combine Devon with Cornwall and the Isles of Scilly for a separate area review which will have strategic implications for the 11 colleges in our patch, especially following the recent merger between Bicton and Cornwall Colleges. There is logic in combining the geography of Devon, Cornwall and Somerset to press for one area, which the Board supports.

There are no reports back yet from the first reviews, due to the ongoing mergers in other parts of the county, but the end result will be a smaller number of more resilient colleges, perhaps some with specialisations, which will prove challenging for rural areas. Devolution of the adult skills education budget (not including Apprenticeships) cannot take place till area reviews have been completed. It is noted that there is no mention of an Institute of Technologies and the recommendation is for a multi sided collaborative approach. We therefore need to look at our range of specialisms, what these will look like, in order to consider the investment promises.

Action: To continue to lobby for Devon and Somerset to progress together.

SC/CG

The board then returned to Agenda item 4 – CEX report and remaining papers.

4. Chief Executive's Report

4.3 Cluster Development Paper

Board support is sought for LEP resources being used on the further development of our 'Clusters' of businesses in the following key sectors, starting with Nuclear, Aerospace, Marine and Environmental Futures, in order to have a business led critical mass of businesses in these clusters leading the way in order to bring about transformational opportunities.

The emphasis is on facilitating businesses to access and bring about substantive funds to the patch, cross-LEP working and building on existing relationships. The current emphasis on Nuclear needs to be clear it is business driven and the future landscape may be shaped by the results of the Science Audits.

The board supported the recommendations in the paper, but in a facilitatory/ broker role.

4.6 Update on European Structural and Investment Funds (ESIF) paper

This paper updates the Board on the above strategy and the impact of both national government revisions and exchange rate fluctuations on ESIF allocations for the Heart of the South West. Thanks to Samantha Seddon, our HotSW LEP European Programmes Policy Lead for producing the paper, highlighting the changes and indicating where we are now.

There have been a lot of changes recently; the Autumn 2015 review by Gov't departments of local ERDF and ESF allocation profiles against Operational Programme commitments revealing significant discrepancies; the exchange rate fluctuations which has meant the necessity to re-jig outputs and created challenges in managing the programme. Also, DCLG has recently informed partners that it is unable to agree European Regional Development Fund (ERDF) projects which include activity relating to the decommissioning or building of a nuclear plant, (this is against EU law) which means the outline application submitted for the Hinkley Supply Chain call has been rejected. The LEP is currently working with DCLG to see what further options exist as this has serious implications for our area in missing out on a huge amount opportunities. The supply chain is one of our key priorities to ensure that contracts and work remain in our area, as opposed to going to companies abroad, something Board members feel very strongly about.

The Strategic Investment Panel (SIP) is looking at what areas fall by the wayside and what can be done as a top up. The LEP is also currently working via SE and the Dept. of Business, Innovation and Skills (BIS) to be first in line for any future opportunities that may arise. If no way forward can be found in the next couple of months, due to the number of businesses affected and timing issues with tier 1 suppliers, it will become necessary to escalate this further at a very high level.

<p>The concern for the Investment Panel, is the impact these ESIF decisions have on the funding of projects overall, resulting in quite significant swings across geographical areas, resulting in more time and resource that needs to be spent reviewing the projects that definitely need to go ahead and understanding how things can be funded that cannot go through ESIF. Another area for concern is for the Low Carbon Centre, which is now currently at high risk, but is a critical project to move forward.</p> <p>Action: Despite protestations from the Board with regard to the Hinkley Supply chain being ineligible, it was agreed that the best way forward was to; to continue to work closely with Somerset County Council, BIS and DCLG; look at re-badging to take out the word ‘nuclear’; concentrate on Low Carbon friendly energy; manage our existing funding streams and deliver what we can, whilst seeking every flexibility in our approach.</p>	<p>PT</p>
<p>6. Papers for noting No comment</p>	
<p>7. AOB The Chair thanked DC for his contribution to the Board and the LEP during his recent term as Board Director and in his capacity as Interim Vice- Chancellor and Chief Executive of Plymouth University. DC will be stepping down as the new Vice Chancellor, Professor Judith Petts, CBE will be taking up the role in February 2016.</p>	

Next meeting: 15 March 2016, The Midas Group Ltd, Midas House, Woodwater Park, Pynes Hill, Exeter, EX2 5WS

Pre- meets from 9.15 – 10am

Board meeting from 10.00am – 1.00pm