

**Minutes of HotSW LEP CIC Board Meeting
20 September 2016
at
Woodbury Park Hotel & Golf Club, Exeter**

Board Attendees:

Adam Chambers
Andrew Leadbetter
Andrew Moulding (alternate for Paul Diviani)
Chris Garcia
David Hall
Frances Brennan
Gordon Oliver
Harvey Siggs
Judith Petts
Martin Brown
Nick Ames
Nick Engert
Simon Barker
Stephen Bird
Stephen Criddle
Steve Smith
Steve Hindley (Chair)
Tracey Lee (alternate for Ian Bowyer)
Tim Jones

Officers in attendance:

Keri Denton - officer accompanying Andrew Leadbetter
Kevin Mowat- officer accompanying Gordon Oliver
Mark Williams – officer accompanying Andrew Moulding
Pat Flaherty – officer accompanying David Hall

Others in attendance:

Deborah Watson – SIA for presentation only
Eifion Jones - LEP Head of Strategy & Operations
Janet Powell - LEP Executive Assistant (for mins)
Sally Edgington – BEIS

Apologies:

Barbara Shaw
Ian Bowyer
Martha Wilkinson
Paul Diviani

Table of decisions

Board paper	Decision	Decision agreed
<p>4.1 Devolution – update & options paper on governance & working arrangements</p>	<p>To agree whether the LEP should become a Committee of the Combined Authority. What other governance issues should be explored with the Combined Authority and the LA Leaders?</p>	<p>Board directors did not wish to pursue this option. Options 2 & 3 to be more fully explored for the Board. A working group to be established to undertake this exploration.</p>
<p>4.2 Growth Deal 3 post award prioritisation process</p>	<p>To provide guidance on the distribution of an award across the three themes – i.e. whether to retain the weightings as in the current bid To agree which of the two processes set out in this paper is followed to confirm the prioritisation of GD 3 projects.</p>	<p>Board directors agreed the need for transparency and to revisit on basis set out option 2.</p>
<p>4.3 The shape of future Structural funds (& ESIF update)</p>	<p>That the Board notes the points in the paper.</p>	<p>Board noted.</p>
<p>4.4 Enterprise Zone MOU update</p>	<p>The Board is asked to approve the approach of: -</p> <ul style="list-style-type: none"> a. That the LEP’s sign off of its interest in the detailed arrangements be agreed through the Strategic Investment Panel and its Chair. b. That in considering how business rate revenue from the EZs may be used for areas outside the EZ, the Board support the principle that the local authorities in whose area the EZ sits will be no worse off than if the Enterprise Zone had not come forward c. That the Board agree to a review of the Memorandums of Understanding in 2019 to take account of the devolution and wider business rate retention positions at that time d. That as a key principle the Enterprise Zones should seek to work collaboratively to share services such as marketing and an equitable share of new opportunities that may arise. 	<p>Board agreed to the approach, with the explicit addition of exact arrangements re business rate retention to be reviewed in 2019 to be written into the MOU.</p>

<p>4.5 Annual Accounts for approval</p>	<p>To agree that the LEP CIC's AGM is held at Sandy Park Conference & Banqueting Centre, Exeter (alongside the proposed Business Conference) on 3 October 2016 and the company accounts be approved by the board.</p>	<p>Board agreed and accounts approved.</p>
<p>4.6 The Environment as a Driver of Economic Growth</p>	<p>It is recommended that the LEP Board:</p> <ul style="list-style-type: none"> • Notes the "Environment as a Driver of Economic Growth" report (Appendix A to this report); and • Endorses further work being undertaken by the LEP and its partners, including Local Nature Partnerships in the Heart of the South West area, to progress the actions outlined in Appendix B to this report. 	<p>Board accepts the recommendations.</p>

Agenda item	Action
<p>1. Apologies as above.</p>	
<p>2. Declarations of interest SC: South Devon College interest in ESIF and Growth Deal. JP: Plymouth University in involved in future ESIF and ERDF funding, plus interest in Growth Deal. FB: Pluss organisation has an interest in Big Lottery Funding (specifically Building Better Opportunities) and future ESIF Funding. GO: Refer to Page 5 of Chief Exec’s Report interest in GD 1 Edginswell, Torbay new railway station. SBarker: Leonardo (previously Agusta Westland) interest in Growth Deal. SH: Midas commercial interest in South Yard Plymouth and New Nuclear College.</p>	
<p>3. Draft minutes of last meeting 20 July 2016 and actions arising. Agenda item 4: to engage with MEPs to support the accessing of any untapped EU funding - c/f. Agenda item 4: to push DCLG for signing of Clean Sky MOU – have applied pressure but to no avail. Agenda item 4: options paper for resource for Inward Investment – c/f. Agenda item 4.4: recruitment of non-exec directors updated to reflect governance structure post devolution – c/f.</p> <p>All other actions completed.</p>	<p>CG/SH</p> <p>CG/SBarker CG/EJ</p>
<p>Presentation on Science and Innovation Audit (SIA) – Dr Deborah Watson (copy forwarded to all Board Directors).</p> <p>Five areas in the UK undertook pilot audits. The SW England and SE Wales were one of these first round science and innovation audits. This includes: - Cardiff City Region, Gloucestershire LEP, Swindon & Wiltshire LEP, West of England LEP, Heart of the South West LEP and Cornwall & Isles of Scilly LEP. The audit is designed to map out local research, innovation and infrastructure strengths across the area, identifying and building on the potential of the region by making sure investment is properly targeted and uncovering opportunities for businesses to tap into. The audit was submitted to the Dept. of Business, Energy and Industrial Strategy (BEIS) on 16 September 2016.</p> <p>Please note BEIS have not allowed this report to be published at this time.</p> <p>The audit demonstrates the added value in LEPs working together and will help shape opportunities within the HotSW Devolution Productivity Plan.</p>	

<p>Action: For the SIA to be raised as an agenda item at the next SW West Chairs & CEO's meeting (12 Oct) to discuss maintaining the momentum (especially cross LEP activity for Aerospace).</p> <p>There is limited window of a month or two, within which to package something up funding wise, in order to grow the strength within our key sectors using the evidence base provided from the SIA to lobby Greg Clark on for a share of the innovation funding. The LEP's role is to facilitate the right conversations between business and academia to chase this funding.</p> <p>Dr Deborah Watson was congratulated on an excellent presentation.</p>	<p>SH/CG</p>
<p>4. Chief Executive's Report</p> <p>Since the report, Government have confirmed approval for the go ahead for Hinkley.</p> <p>The Peninsula Rail Task Force (PRTF) has been working on a 20-year plan over the summer for South West rail improvements. The two remaining studies on journey time improvements and resilience works being carried out by Network Rail are nearing completion. These will provide the final key inputs into the PRTF's final 20-year plan for rail which will be published later this Autumn, hopefully to be recognised in the Autumn Statement and can be used to lobby MPs to ensure the new rail franchise takes future investment into account.</p> <p>The Board moved straight to the strategic and operational report papers.</p> <p><u>4.1 Devolution – update and options paper on governance and working arrangements (see paper)</u></p> <p>This paper was introduced by PF and seeks to update the LEP Board on the progress of the development of the proposed Combined Authority's Governance and to ask the LEP Board to agree whether or not the LEP should become a committee of the Combined Authority (as currently proposed in the Governance Review), highlight any other issues and other development work needed to be undertaken</p> <p>Hopefully there will more clarity from the government in the Autumn statement. Currently there are issues with governance arrangements on how to manage the deal and also with the positioning of the LEP moving forward which still have to be agreed. Enhancing productivity is key for the LEP and there needs to be a working relationship between a combined authority and the LEP.</p> <p>Thanks are given to CG and Board Directors for their support at Devolution meetings.</p> <p>Research by the LEP Network has also been looking at the function of LEPs in the future within devolution. The majority of LEPs favour the model of remaining independent and having a strategic focus.</p>	

Following discussion, it was noted that the private sector board directors also wish the HotSW LEP to remain independent, business led and strategic, retaining independent access to ministers. There is no appetite for option 1 in the paper but directors would like to better understand options 2 and 3.

Action: Volunteers sought for working group to take forward and explore in more detail options 2 and 3 from the paper.

CG

4.2 Growth Deal 3 post award prioritisation process (see paper)

This paper is to ask the LEP Board's agreement to the process of confirming the prioritisation of projects once the Growth Deal 3 award is known. There will need to be a review of the status of existing expressions of interest in order to determine the final list of projects. Indications are that the Government's pot for GD 3 is three times over-subscribed, with no likelihood any LEP will get full amounts requested. It is anticipated that in the interim, specific feedback will be given on whether there are specific projects or types of projects the GD 3 award needs to be focused on i.e. from the Science & Innovation Audit or Brexit opportunities. Sajid Javid is currently lobbying the Chancellor to increase the GD 3 pot of funding. Housing is still seen as a high priority.

It is important that the LEP's final list of projects adheres to the funding criteria as set out in Greg Clark's letter and recognises the importance of private sector leverage, but is able to flex and take into account any last minute government directives.

In conclusion, the board agreed to option two in the paper, which proposes revisiting the list of priorities in each theme leadership group/Local Transport Board, to then produce a new consolidated list, but to retain the balance between the themes in the bid (subject obviously to any specific HMG requirements) which reflects previous board feedback. The final decision will go before the board with documentation attached – for transparency the process will be adjusted where necessary so the basis for decisions is clear.

4.3 The shape of future Structural Funds and ESIF update (see paper)

This paper updates the Board on implementation of the Heart of the South West European Structural and Investment Funds (ESIF) Strategy; and acts as an aide to to prompt a discussion on the replacement of European Structural and Investment Funds.

The LEP is encouraging the Dept. for Communities and Local Government (DCLG) for information on a post Autumn Statement on what the future may look like and what will replace structural funds. At a CG recent meeting with Julia Sweeney she indicated that they are working alongside DCLG to influence agendas, which geographies may apply, how much would be revenue funding and certainty of funding length.

Board discussion continued: -

- Around the need to step up and make the right noises
- Around the opportunity to co- design programmes i.e. Dept. of Work and Pensions (DWP) are in talks with Manchester around co-designing programmes, as are West of England LEP – we need to learn the lessons from these and get closer to co-commissioning
- Need to simplify schemes and build on the back of the LEPs economic programmes, get rid of NUTs classifications (This is a regional classification for the EU Member States providing a harmonised hierarchy of regions) which will give the LEP the opportunity to pay attention to areas such as West Somerset, North Devon and Torbay.
- Have a fixed allocation funding over a number of years (as opposed to one year which provides no certainty), thematic process with local management delivery.
- It's the only significant revenue source to intervene in the market (capital programmes will only succeed if you drive revenue).
- Ensure we retain the ability to manage and leverage off the replacement for structural funds i.e. for Local Action Groups (LAGs) who require smaller amounts of money.
- Highlight what a great area investment the HotSW area is, as opposed to always mentioning how deprived the area is.
- Making the link between ESIF future and the Brexit and Resilience Opportunities Group

The conclusion is that the LEP should aim high and seek to influence on several levels and utilise the expertise that exists within our Local Authorities (LAs) – reflecting also the developing productivity plan.

Action: To progress objectives for replacement of structural funds within the terms of reference in the Devolution Productivity Plan.

FB volunteered her assistance in helping to shape this.

Action: Request to speak to ministers on future shaping of funds to replace ESIF.

EJ

SH/CG

4.4 Enterprise Zone MOU update (see paper)

This paper sets out the proposed approach for LEP involvement in the governance and management of the Enterprise Zones (EZs).

The intention is for the MOU to be signed by Government, LA's and the LEP by the end of September with legislation in place for April 2017, however money won't start flowing until 2020/1 at the earliest. It is envisaged that any surplus from future business rates will become available for investment in the "other growth priorities" as identified via Strategic Investment Plan/Devolution Productivity Plan which prompted debate.

Action: to ensure detailed arrangements pertaining to business rates are reviewed in 2019, once the devolution agenda and final policy is clear on

EJ

business rate retention and that this is highlighted in the MOU to facilitate signing by all partners.

Provided the above point is made explicit within in the MOU, the Board agreed to the approach.

4.5 AGM/Annual Accounts for approval

This paper is to ask the LEP Board's agreement to the holding of the LEP CIC's AGM on 3 October and for the company's accounts to be agreed by the board at this meeting.

Action: MW and MB to be added to the list of directors on Page 3 under Directors for period ending 31 March 2016.

JP

Action: Explanation to be provided at AGM on why the accounts have a nil balance and dormant company status.

CG/AC

Thanks are noted to Somerset Council for their continued diligence and hard work as the LEP's accountable body, including the support and advice provided at the Strategic Investment Panel and Finance and Resources Group which enable the LEP to continue as a dormant company and pay no tax.

Noted the accounts have already been reviewed at the LEP's prior Finance & Resource Group meeting. The board agreed the proposals and agreed the accounts could be signed.

4.6 Environmental Driver Plan

This piece of work has come about through a "task and finish" group from the LEP's Place leadership group to consider the role of the environment as a driver for economic growth within HotSW and to inform the productivity plan. This has highlighted the interest of the Local Nature Partnerships (LNPs) to build on the regions' unique assets.

Comments from the board included: -

- With Brexit comes the opportunity to inform strategic direction and future investment decisions potentially for different services and markets i.e. to replace CAP (Common Agricultural Policy).
- Ensure the linkages are made to productivity and the circular economy, resource efficiency and recycling.
- The need to understand resourcing implications and to undertake a parallel process for green infrastructure.
- A good paper coordinating agendas across the HotSW area.
- Whilst focusing on the green environment, there is no focus on the blue environment (new thinking emerging combines environmental awareness with human awareness of peace, social and economic justice, as well as sustainable lifestyle).

paper for the Board, this is due to the huge disparity on level of resource and priorities within and between local authorities and areas to engage with the LEP and Dept. of International Trade (DIT).

Action: The suggestion is for the LEP Management Group to take forward inward investment resourcing for the LEP in order to find a workable solution.

CG/LEP mgt team

Next LEP Board meeting: - 16 November 2016 from 10.00am – 1.00pm, Committee Suite at Devon County Hall, Exeter