

**Minutes of HotSW LEP CIC Board Meeting
17 January 2017
at
Petroc, Mid Devon Campus, Tiverton**

Board Attendees:

Adam Chambers
Andrew Leadbetter
Barbara Shaw
David Hall
Frances Brennan
Gordon Oliver
Harvey Siggs
Ian Bowyer
Judith Petts
Martha Wilkinson
Martin Brown
Nick Ames
Nick Engert
Paul Diviani
Sean Fielding (alternate for Steve Smith)
Simon Barker
Stephen Bird
Stephen Criddle
Steve Hindley (Chair)
Tim Jones

Officers in attendance:

Chris Garcia – HotSW Chief Executive
Keri Denton - officer accompanying Andrew Leadbetter
Kevin Mowat – officer accompanying Gordon Oliver
Pat Flaherty – officer accompanying David Hall
Stuart Brown – officer accompanying Harvey Siggs
Tracey Lee – officer accompanying Ian Bowyer

Others in attendance:

Anne Marie Morris MP – representing Devon MPs
Eifion Jones - LEP Head of Strategy & Operations
Helena Davison – LEP Comms Manager
James Heapey MP – representing Somerset MPs
Jamie Jackson – Somerset County Council (last agenda item for mins)
Janet Powell - LEP Executive Assistant (for mins)
Sally Edgington – BEIS

Apologies: Steve Smith

Table of Decisions

Board Paper	Decision	Decision agreed
<p>4.1 LEP Futures – next steps on our strategic and governance discussion</p>	<p>The LEP Board agrees that:</p> <ol style="list-style-type: none"> 1. This approach resonates with its mission and vision and those of stakeholders in the Heart of the South West. 2. An Away Day is held for the morning of 1 March to cover the following agenda: <ol style="list-style-type: none"> a. Our LEP’s vision for the HotSW in 2030 / 2050 b. The most important strategic priorities for the LEP c. Of these priorities <ol style="list-style-type: none"> i. Which of these can we, as a LEP, lead on and progress ii. Which should we get help with to take forward iii. Which should we ask others to progress <p>The vision and important strategic priorities for the LEP should be encapsulated in a Prospectus and this should form the basis of a more active communications strategy.</p>	<p>The Board agreed the recommendations within the paper.</p>
<p>4.2 Inward Investment – future focus</p>	<p>The LEP Board notes the paper and the tangible benefits that have accrued to date</p> <ol style="list-style-type: none"> 1. Agrees that the LEP should continue to support the work of Govt departments and Local Authorities in attracting inward investment <p>Agrees to take forward the proposals summarised in the table. This sets out what is the proposed enhanced delivery to support Inward Investment; showing who is proposed to undertake each role, where the LEP could lead, and how it could be funded.</p>	<p>The Board agreed to the recommendations in the paper, subject to two amendments: - 1) to review the process after 6 months. 2) to incorporate cross LEP working.</p>
<p>4.3 CIC Director Recruitment</p>	<p>The LEP Board agrees:</p> <ol style="list-style-type: none"> 1. To commence the open recruitment process in January 2017 for up to 7 new private sector board directors following the anticipated retirement of a number of directors in 2017 in accordance to the process agreed in July’s Board meeting. 2. The amended Candidate Specification is suitable for use in the recruitment process. 3. The terms of reference for the Nominations Committee is suitable for use in the recruitment process. 	<p>The board agreed to all the recommendations in the paper.</p>
<p>4.4 ‘Amber’ Projects Review</p>	<p>The LEP Board notes and supports the work of SIP. Key findings were:</p> <ol style="list-style-type: none"> 1. That every project that is rated Amber now has revised specific milestones against which progress can be 	<p>The Board agreed to support the recommendations within the paper, with a reminder to</p>

	<p>reviewed. If these projects do not progress against these milestones remedial action will be brought forward to future SIP meetings. This will include reallocation of funding.</p> <ol style="list-style-type: none"> 2. Two new protocols will be produced to advise existing and new projects on milestones expected and review points. These protocols will aid project sponsors in bringing forward their projects to know the need to address issues in a timely fashion and project appraisers in adopting a consistent approach 3. Within this protocol, there is one project which have failed to satisfy their conditions of funding approval / funding agreement. They will be written to and given two weeks to remedy their position. 4. The LEP will approach SCC 151 officer to review how unutilised cash in bank can be used productively. 	<p>SIP, that if funding were to be withdrawn, that this decision rests with the LEP Board, not SIP.</p>
4.5 ESIF update	That the Board notes the comments in the paper.	The board notes the comments.
4.6 Productivity Plan Update	The board is asked to note the current position and support the direction of work underway.	The board supports the current position and direction of work underway.
6. An update from the Construction Labour & Skills (CL&S) Steering Group	The LEP Board note the contents of this update paper and recognises the future timetable for SIP funded activity.	The board notes the comments.
9. Board Paper for Special Board Meeting of Directors	The LEP Board agree to the recommendations in the paper.	The LEP Board has agreed the following recommendation: That the Board of Directors agree to increase the annual salary for the LEP CIC CEO to £115,000 as soon as can be arranged, and instructs the LEP Finance & Resources Group to make an application to Somerset County Council to request a retention allowance for this increase.

Agenda item	Action
<p>1. Apologies as above and welcome to: - James Heappey, MP for Wells, representing Somerset MPs.</p>	
<p>2. Declarations of interest SH: Midas has an interest in Oceansgate and Nuclear College SC: South Devon College interest in ESIF and Growth Deal. JP: Plymouth University is 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. SBarker: Leonardo (previously Augusta Westland) interest in GD3. SF: Exeter University interest in Exeter Science Park and GD3. MW: Devon Community Foundation is involved in a number of partnership bids, future ESIF/ERDF funding and Building Better Opportunities. IB: Plymouth City Council – interest in GD3.</p>	
<p>3. Draft minutes of last meeting 16 November 2016 and actions arising.</p> <p>Action: - to summarise the section contained in the draft minutes Page 4, 4.1 on GD 3 bid and recirculate to the Board once amended as final version</p> <p>JH: - thanked all Directors who took part in briefing local MPs at Westminster (12 Dec) which focused on the focus on developing the productivity plan for the Heart of the South West (HotSW).</p> <p>Outstanding actions: - C/F & ongoing, Action: - to be organised, a meeting of the LEP, Local Authorities (LAs) and local MPs (post 4 May County elections), to work more closely and take forward a number of topics i.e. Brexit, Education/skills etc. to present a united approach and direction of travel for the HotSW area to Gov't.</p> <p>SC: - reported back on area based reviews, two positive meetings held so far, not expecting any radical recommendations, although there is concern over Cornwall College and Bicton College merger being very Cornwall centric.</p> <p>There is confusion within the business community over the Gov'ts Devolution plans and policy for non- devo areas, exacerbated with different messages coming out of Gov't departments.</p> <p>Action: to seek clarity from Sajid Javid.</p> <p>At a recent Leader's Devolution meeting, there was agreement to continue to progress the work in establishing a joint committee. Papers have been circulated to individual councils as to what the next steps are. This will ensure that the HotSW is best placed to meet any new challenges or policy decisions coming out of Gov't.</p> <p>All other actions completed.</p>	<p>CG/JP</p> <p>CG/AM/JH /LAs</p> <p>AM</p>

4. Chief Executive's Report

There is no current date agreed for a ministerial announcement on GD 3 for the HotSW area, although it was felt to be imminent.

In the meantime, other avenues of funding are being pursued e.g. funding via the Homes and Communities Agency (HCA) and also via Innovate UK to gather more information on the Industrial Strategy fund of £4 billion. The first round of consultations with Innovate UK were attended in Southampton yesterday, with a further round of conversations taking place with SW LEPs towards the end of the month, which ensures that the SW LEPs are now part of the formal process allowing LEPs to raise specific issues and question how this ties in with the Science and Innovation audit (SIA).

The board discussed locations for future board meetings.

Action: - It was agreed to hold future LEP Board meeting venues close to the M5 corridor between Exeter and Taunton.

JP

The agenda then moved to Chief Executive's strategic and operational papers with comments on CEX report to follow.

4.1 LEP Futures/Governance (see paper)

The LEP Board Sub Governance Group (MW, CG, SH, AC, HS) were thanked for their input so far. This paper sets out an outline of a proposed Prospectus and agenda for the Board away day and seeks the Board's views on these suggestions.

The following comments were made: -

- The Importance of taking into consideration a labour shortage as well as a skills shortage, otherwise an opportunity will be missed.
- An understanding of what 'good' growth looks like and the need to help more rural areas and those areas away from transformational ones?
- There is no specific reference to Brexit and what the LEP will be doing, whether inward investment or outward investment?
- With regard to devolution, this is an opportunity to be clear on what the area can do and to offer this message back to Gov't.
- The need for more background information for the day on how other models work i.e. Manchester Leadership role.
- With a multiple SW institutions/organisations, to have clarity on exactly what the LEP does and what it can achieve, how it distinguishes itself from others?
- The need for the region to have a brand, to share best practice and look at how other LEPs coordinate their messages to Gov't.
- To consider the information coming out of the area based skills reviews which highlights a declining demographic with advice and guidance becoming increasingly important.

The Board agreed the recommendations within the paper and direction of travel.

4.2 Inward Investment (see paper)

Thanks were given to all for the work across the area.

This paper considers how the LEP takes forward inward investment work post March 2017, when current resources finish and sets out a framework to focus on the work the LEP needs to do to add value to LA work and to link this up at national level.

This is only the first step if the HotSW area is to be serious about inward investment and is seen by the private sector as the minimum acceptable level in order to progress to a more focused and coordinated approach.

There was enthusiasm to focus resources to coordinate effort (referring to past history, which had worked well). It was felt that the HotSW area can only be noticed world- wide, if activity is focused. It was agreed the five areas highlighted in the paper are the correct ones to concentrate on.

Action: - Import and Export tools to be shared with the LEP

CG/AM

Action: - The Board agreed to the recommendations in the paper subject to two amendments: - 1) to review the process after 6 months; 2) to incorporate cross LEP working.

CG/LEP Mgt Team

4.3 Non- Executive Director (NED) Recruitment (see paper)

This paper seeks to confirm the LEP Board's agreement to commence the open recruitment process for up to 7 new private sector board directors and the terms of reference for the nominations committee (NOMS). This is to address the anticipated retirement of a number of directors in June 2017 in accordance to the process agreed in July's and November's Board meetings. Also to confirm that the feedback on the Candidate Specification and process has been correctly reflected before recruitment commences.

Comments as follows: -

- To consider including a representative from the NHS in nominations committee , as a large employer across the region, which also ties into the synergy of health and wellbeing in delivering a sustainable workforce in terms of future productivity
- Concern voiced over the loss of continuity within the LEP Board, to manage as a step change process, especially as many of the directors retiring are involved in LEP sub-groups and committees and build in time for handovers.
- The need for a broader range of gender, age, with proportionate applicants across the region.
- To consider a well- placed opinion piece i.e. in Insider, or Western Morning News.

Action: - The onus is with all Directors to coach applicants to apply and to reach out to networks to advertise the vacancies.

ALL

The board agreed to all the recommendations in the paper.

4.4 Review of 'Amber' rated projects (see paper)

This report has been produced (following a discussion at the November Board) to reflect a project by project review of all projects rated in the November programme

management report as Amber, to identify how these projects might be accelerated / risks reduced. In addition, common issues were identified for further consideration. This work was undertaken in the January meeting of the Strategic Investment Panel (SIP) and the report summarises the conclusions of that meeting.

No projects have failed, and discussion continued around some specific projects however, with the proposed remedial action identified, it is anticipated these projects will change their status from red/amber to green, hopefully by March.

Discussions resulted in the following action points: -

Action: - Rag rating principles (difference between red and amber) to always be added to SIP programme summaries in the future.

CG/Prog
Mgt Mgr

Action: to add in a time limit/expiry date to project funding agreements to make managing process easier.

CG/Prog
Mgt Mgr

Action: - To discuss why some projects are allowed to proceed that are contingent on other funding, look at criteria of acceptance

CG/NE

The Board agreed to support the recommendations within the paper, with a reminder to SIP, that if funding were to be withdrawn, that this decision rests with the LEP Board, not SIP.

4.5 ESIF Update (see paper)

This papers updates the Board on implementation of the Heart of the South West European Structural and Investment Funds (ESIF) Strategy.

There are no decisions to be made by the Board, but to highlight the following points: -

- Since November, 6 European Regional Development Fund (ERDF) calls have been launched, 4 of which close in February 2017 and 2 next year, with a further 3 European Agricultural Fund for Rural Development calls (EAFRD) expected in March.
- The notional ERDF and ESF allocation for the Transition area of Devon, Plymouth and Torbay has been increased to £1.4 million which the LEP will push strongly to be used for innovation.
- Of key concern is EAFRD, as HotSW has the largest allocation in the country, 3 calls are imminent worth £12 million, but on average sizes of applications tend to be small, so this will need lots of applications. The committee is pressing Defra to offer workshops to encourage take-up.
- Conversations continue with the Dept. of Local Government & Communities (DCLG) on post – EU funding.
- The LEP's strategic economic plan needs to be tested post EU 2020 Strategy in relation to how to get best value for money. This particularly applies to a post Common Agricultural Policy era (agricultural subsidies and programmes covering farming, environmental measures and rural development) in order to look at the broader issues around farming – upland farming, resilience, environmental futures and how to better align across funding with multiple benefits from any investments.

The board notes the comments.

4.6 Industrial Strategy & Productivity Plan (see papers)

As well as a paper and an annex, a presentation was given.

The Productivity Plan is being developed by the HotSW partnership working on the Devolution bid. Government direction on Devolution remains unclear at this stage. However, the Productivity Plan has a key role to play, in setting out the collective ambition and asks of Government and to provide a core foundation to the overall devolution work across the HotSW area.

Government is expected to publish its initial approach to an industrial strategy imminently with an expected goal of closing/eliminating the UK's productivity gap with G7 countries and the Plan will need to flex to align with this. As the overall outcomes are expected to be the same, the Productivity Plan may therefore transition to being the HotSW Industrial Strategy.

Following the presentation, comments were as follows: -

- Priority needs to be given to international trade, many companies in the South West have significant exports.
- To note that Industrial strategy and productivity are not the same, but related, what does productivity in a rural area mean, what are the barriers?
- The productivity data needs further analysis, by removing London and the SE statistics, this would ensure a more even comparator for the Hot SW area.
- No mention of culture capital, or of clusters.
- How to raise the aspirations of young people? The Higher Education Funding Council for England (HEFCE) is already looking into this, therefore important to link into this and not duplicate work that is being undertaken.
- It would be useful to see the working age population as a whole, including number of A level students and graduates that leave and then return.
- To consider the impact on mental health especially in rural areas. Health and wellbeing including rostering for sickness absence all effect productivity.
- Not to over focus on young people, but look at City Deal progression pilot statistics and link into the Construction sector work.
- To not ignore the Tourism sector with a weak pound, as this will be a growth sector.
- To look at common themes across sectors.
- To have a network of cities: e.g. Bath, Bristol, Plymouth, Southampton.
- The paper is very data heavy, which might be off-putting, needs to be more provocative in its questioning when the paper goes out to consultation.

The timeline of 10 March for the Productivity Plan Green Paper Consultation gives the LEP Board an ideal opportunity at its 1st March Strategic Planning Away Day to feed into the green paper.

The board supports the current position and direction of work underway.

<p>4.7 Assurance Framework (see paper) In Nov 2016 the Department for Communities and Local Government (CLOG) distributed some new requirements for LEP assurance frameworks. With ever increasing public scrutiny this report includes an updated assurance framework which the LEP anticipates utilising from February 2017.</p> <p>Action: - To update the names of Section 151 officers at LAs Plymouth and Torbay on the Assurance Framework and circulate the document to all s151 officers.</p> <p>The Board agreed to the recommendations in the paper.</p> <p>The Board returned to the Chief Executive's Report, to which there were no further queries.</p>	CG/EJ
<p>5. This is logged as item 6 on the agenda.</p>	
<p>6. Report from Construction T & F Group (see paper) This paper updates the LEP Board on the Construction Labour & Skills Steering Group work to date and highlights the future timetable for SIP funded activity.</p> <p>Last year SIP awarded a grant of £25,000 for some research work to be undertaken to comprehensively map the Careers Enterprise, Information, Advice and Guidance (CEIAG) activities that are being delivered and undertaken, specifically for the Construction sector and to and to understand through the local authorities, the approach currently being taken to adopt the CITB's Client Based Approach (CBA) to incorporate skills, apprenticeships and careers based outcomes into the planning process and procurement of construction projects.</p> <p>The final report will be out shortly with recommendations to be considered at the March Board meeting. However, there are three points to consider: -</p> <ul style="list-style-type: none"> • There is no single approach to construction across the HotSW LEP area, LAs have adopted different approaches in their areas which makes it harder to offer a LEP wide approach or solution. • We need to review the findings from the commissioned research and consider how to take it further and whether there is a need to continue with the construction group. • There is a shortage of revenue funding to address labour force/skills gaps in construction but there is a desire for funding to trial some of the projects suggested to the construction group. <p>The board supports the current position and direction of work underway.</p>	
<p>7. Papers for noting (see papers) No comment.</p>	
<p>8. AOB None.</p>	
<p>9. Board Paper for Special Board Meeting of Directors (see paper) All officers and others in attendance left the meeting at this stage.</p>	

Steve Hindley introduced the confidential report which recommended that the Board of Directors agree an increase in salary of £25,000 for the LEP CEO to a total of £115,000.

Before discussion of the report the Board were advised that the detail of this report had been leaked to the media and this was the third such leak in recent times, all of which constitute serious breaches of confidentiality. Any Board Member who had been involved in these leaks was advised to seriously consider their position on the Board. It was also proposed that a solicitor attends the next meeting to remind Board members of their confidentiality responsibilities and their allegiance to the Board.

SH advised that two Board Members had confirmed that their voting was constrained by the view of their local authorities and the Chairman advised that any Board Member who feels unable to vote independently should abstain from the voting process.

In discussion a number of points were made:

- A Board member suggested that this proposal needs to be taken in a pragmatic context, as since the last JE the role has become much bigger and more complex and therefore the proposed raise was equitable.
- It is incumbent upon the Board to find a solution.
- The HotSW LEP should attempt to keep Chris Garcia in post.
- The proposed pay rise had not been asked for: it had been developed following an alternative offer of employment.
- Though it was incumbent upon the Board to put the best interests of the LEP first and whilst the leadership had been transformed this level of salary increase was inappropriate.
- Whether the CEX was a private sector or private sector employee?
- That due process must be followed.
- The accountable body assured Board members that there were no barriers within the Accountable Body's process to prevent a recommendation for a pay rise being implemented.
- A new JE was requested by some.

It was noted that if the CEX were to leave the LEP CEO post then the recruitment would need to be advertised with a higher salary than is being proposed within this report and therefore, the salary increase is the only logical solution.

SH asked the Board if they were prepared to hold an open vote and they agreed they were and the Board were then asked to vote on the proposed salary increase within the report.

The Board voted 15 / 5 in favour of the proposal.

Action: The LEP Finance and Resources Group will therefore make an application to Somerset County Council to request a retention allowances for this increase.

The Chair closed the meeting at 1.03pm.

AC

The next Board meeting is: - 14 March 2017 from 10.00am – 1.00pm at Exeter Racecourse Conference Venue.