

Minutes of HotSW LEP CIC Board Meeting
18 July 2017
at
Exeter Racecourse Conference Centre

Board Attendees:

Barbara Shaw
David Bird
David Hall
Fiona McMillan
Gordon Oliver
Harvey Siggs
Ian Bowyer
Jackie Jacobs
Judith Petts
Karl Tucker
Martha Wilkinson
Martin Brown
Paul Diviani
Richard Stevens
Sean Fielding (alternative for Steve Smith)
Stephen Criddle
Steve Hindley (Chair)
Stuart Barker
Stuart Brocklehurst

Officers in attendance:

Kevin Mowat – officer accompanying Gordon Oliver
Chris Garcia – HotSW Chief Executive
Mark Williams – officer accompanying Paul Diviani
Pat Flaherty – officer accompanying David Hall
Stuart Brown – officer accompanying Harvey Siggs
Tracey Lee – officer accompanying Ian Bowyer
Keri Denton – officer accompanying Stuart Barker

Others in attendance:

Eifion Jones - LEP Head of Strategy & Operations
Helena Davison – LEP Comms Manager
Janet Powell - LEP Executive Assistant (for mins)
Clare Paul – Somerset County Council
Rozz Algar – SW Partnership Manager for presentation only

Apologies:

Anne Marie Morris MP – representing Devon MPs
 James Heappey MP – representing Somerset MPs
 Steve Smith
 Helen Lacey
 Mel Squires
 Sally Edgington BEIS

Table of Decisions

Board Paper	Decision	Decision agreed
4.1 Change Management of Project Pipeline funding to maintain the LEP & its priorities	In future if a Growth Deal project does fail or needs less funding, this paper sets out an approach to be applied to the Growth Deal funds released that ensures the LEP has sufficient funds for programme management. The Board to note:- <ol style="list-style-type: none"> 1. To note the options for how any future funding released could be reallocated. 2. To confirm the principles outlined should be published on the LEP's website & used in future decisions. 	<ol style="list-style-type: none"> 1. The board agreed to revisit Jan/Feb 2018 once productivity plan finalised. 2. The Board agreed.
4.2 Productivity Plan update	The LEP Board supports the contents of this paper.	The board supports the current direction of travel.
4.3 LEP Business Plan for 2017/18	The Board to:- <ol style="list-style-type: none"> 1. Note Business Priorities proposed. 2. To provide feedback on the proposed focus. 	The board supports the priorities in the paper.
4.4 GSW Board Governance	The Board to:- <ol style="list-style-type: none"> 1. Agree the principals for GSW governance. 2. Agree who should represent HotSW on the Leaders Forum. 	<ol style="list-style-type: none"> 1. Broadly speaking the Board supports the principles but notes there is more consultation required with the public sector and local MPs. Meetings are planned and correspondence with MPs is ongoing. 2. This has been left open for more involvement.

4.5 Annual Strategic Review and Process Review	The Board:- Notes the recommendations from the reviews and considers these as plans for changing how the LEP operates start to be implemented in the coming weeks.	The Board supports the recommendations going forward.
4.6 ESIF update	The Board to:- 1. Note the points in the paper. 2. Comments on the next steps for ESF implementation outlined in section 2 of this paper.	The board notes the comments and supports next steps.
4.7 Annual Conference	The paper provides the Board with an update on progress in arranging this year's Conference and AGM. The Board to note the contents of the paper.	The board supported the current work being undertaken.
4.8 Annual Accounts	The Board agrees the accounts.	The Board agrees the accounts.
4.9 Tiverton Eastern Urban Extension	This paper sets out two options for Board approval for how we might secure a way forward for the Tiverton project, which was third in priority for Government Growth Deal 2 support for major transport projects, with a shortfall of £7.5 million on the aggregate bid and therefore it was not possible to allocate any funding to the Tiverton Scheme. 1. To agree that £500,000 of Growing Places Fund headroom is used as a loan to the LEP's Growth Deal programme; repayable from future headroom. 2. To issue a funding agreement for £1.5m to progress Tiverton EUE if the conditions attached to either of the four options outlined in this paper are satisfied.	The Board agrees the funding proposals in the paper.

Agenda	Action
<p>1. Welcome & Apologies Apologies as above.</p>	
<p>2. Declarations of interest SH: Midas has an interest in Oceansgate, Nuclear College and Yeovil Innovation Centre. SC: South Devon College interest in ESIF. JP: Plymouth University is involved in future ESIF/ERDF funding and Growth Deals. GO: Torbay Council has an interest in Edginswell Station and Torquay Gateway MW: Devon Community Foundation is involved in several partnership bids, future ESIF/ERDF funding and Building Better Opportunities. FM: on the board of EDF and NNB which is Nuclear New Build, interest in HPTA and Nuclear Enabling. SBarker: Devon County Council has an interest in Tiverton funding, South Devon College and ESIF. SF: Exeter University an interest in Growth Deal and Exeter Science Park. DH: Somerset County Council in J 25 M5</p>	
<p>3. Draft Minutes of last meeting 23 May and actions arising c/f Action: post 4 May County elections a meeting with the LEP, Local Authorities (LA's) and local MPs to take forward several 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>c/f Action: Post Election to seek clarity on Gov't policy on non-devolution areas. Awaiting further clarity and possibly a paper from Gov't (to be confirmed) also, an explanation of what constitutes a rural area. LA's are also meeting MPs after the summer recess.</p> <p>c/f Action: To produce an updated format for the annual LEP financial accounts. This was unable to be completed by the Accountable body for July's board meeting, but will be included in the LEP's Annual Review in time for the September board meeting.</p> <p>All other actions completed and the minutes were accepted as accurate.</p>	<p>SH/CG</p> <p>SH/CG</p> <p>CG</p>
<p>A presentation update on Digital Connectivity was given by David Hall, Somerset County Council (presentation already forwarded).</p> <p>The Connecting Devon and Somerset initiative is a partnership covering the HotSW area plus North Somerset, Bath and East Somerset. Its main objective is to support businesses and communities by improving broadband connectivity, targeting hard to reach places which are prone to "market failure" through not being viable for commercial connection.</p> <p>Comments made as follows:- the possibility of enshrining the use of fibre optic cabling within building regulations; some areas can only connect via a mobile signal (still patchy in areas); it will be a long time before the area receives full 5g coverage; the implications on</p>	

<p>smart meter rollout; no joined up approach to connectivity between the rail network and the providers (Peninsula Rail Task Force also pursuing this point); the need to persuade Gov't to facilitate the sharing of masts between providers e.g. a publicly funded mast is required to be available to all, not so for commercial masts.</p> <p>Action: To press Gov't to take forward the availability of publicly funded masts via local MPs.</p>	<p>LA's & SH/CG</p>
<p>4. Chief Executive's Report</p> <p><u>4.1 Change Management of Project Pipeline funding to maintain the LEP & it's priorities.</u> To date no Growth Deal (GD) Projects have failed to proceed. In future if a GD project does fail or needs less funding, this paper sets out an approach to be applied to the GD funds released that ensures the LEP has sufficient funds for programme management (i.e. employment of LA staff to do necessary work) and for further projects that meets HotSW strategic priorities. The following points were discussed:-</p> <ul style="list-style-type: none"> ➤ Whether future decisions on projects should be based on the HotSW productivity plan, as opposed to the GD 3 prioritisation list (now over 18 months old), or monies be kept in the original geographical area the project came from? A compromise was agreed to stick with the current timeline, but within this transition period to business test the next projects on the GD 3 list to ensure they are fit for purpose, still relevant and their deliverability against increasing productivity. ➤ Clarification was provided on the necessity for a 2 year reserve – GD monies are spent on an annual basis but the top slice is taken at the beginning of the project, effectively in advance to act as a buffer. The last SIP and Finance and Resources meeting felt it was necessary for the Board to view a rolling 3 year budget which shows reserves. <p>The board agreed with the recommendations in the paper subject to:</p> <p>Action: Re – business case testing is needed on all projects proposed and the Board to be provided a short analysis of the decision making process to ensure the Board is kept up-to-date.</p> <p>Action: Once the productivity plan has been finalised, to revisit the prioritisation criteria for GD 3 projects in or around Jan/Feb 2018 time.</p> <p><u>4.2 Productivity Plan update & Annex A & B (see paper)</u> Following discussions at the May Board and taking those comments into account, to ensure the plan is more outcome orientated, this provides an update on the Productivity Plan. Most of this work has been brought back in house, drawing upon the economic development teams within the LAs to develop the narrative. The caveat being that the high level actions on annex b need to be worked up in more detail and are not set in stone. EJ took the Board through both annexes.</p> <p>The framework is beginning to come together, the issue in developing the plan is to be able to demonstrate clearly how the outcomes will make a difference. The three pillars of:-</p> <ul style="list-style-type: none"> ➤ Leadership & Management 	<p>CG/EJ</p> <p>CG</p>

- People
- Place

are not interdependent, there is much crossover between the projects and they need to dovetail together i.e. they are all connected by skills, highlighting gaps in the education system and especially with what's happening in schools. Leadership and management skills are not necessarily about academic learning, but for businesses owners/manager to acquire knowledge and best practice – perhaps more informally through clusters. A draft Plan is targeted for LEP Board review on 19th September and Leaders' review on 22nd September. Following these dates the plan will be consulted on more widely with a final Plan by end 2017 with further consultation underway with business and the education sector. The board agreed the need to find out why businesses of all sizes are not investing at the same level as other areas of the country and what barriers might be affecting this lack of growth, such as skills, labour, housing, connectivity, and lifestyle. It is also acknowledged that it is difficult for small businesses to measure "growth value added" (GVA). However, measurement is critical for future analysis and to benchmark LEP interventions'.

The Board was supportive of the paper.

4.3 LEP Business Plan 17/18 (see paper)

Pending the finalisation of the Productivity Plan, an interim Business Plan was presented, with priorities being the Productivity Plan itself, effective delivery of current live projects and preparing for future funding opportunities, how bids can align and to ensure the maximisation of support packages and endorsements going forward.

Although, there has been no further news recently with reference to the Institutes of Technology (IOTs), these remain in the Gov't matrix of funding opportunities. It was also noted that there are no capital monies going forward for Higher & Further Education (HE/FE).

The Board agreed the priorities.

4.4 GSW Governance & short presentation by Rozz Algar – SW Partnerships Manager (see paper & presentation forwarded)

A wide range of leaders from organisations across the South West of England (including from the public, business and education sectors) have been discussing how they can add value through cross LEP working and work together under a joint branding initiative to enable a common strategy for increased productivity and prosperity for all (similar to that of the Northern Power House and Midlands Engine. The Geat South West is the working title for this. This papers proposes the LEP's agreement as to how this can be formalised – similar papers are going to the boards of other LEPs in the SW.

The board broadly welcomed the branding initiative. Members recognise the benefits of cross-boundary collaboration for destination marketing and securing investment from Gov't at a strategic level.

Some board members are concerned about the process at this early-stage in the project. The LEP chief executive confirmed that the exercise is in response to government

consultation, the initiative is business-led and gave assurance that consultation with the Board and public sector leaders will continue. Some points to address in improving the campaign were:-

- Re-emphasise the need to include Bristol and the West of England LEP area into the south west product, to give it validity and relevance to the national and global market. (Businesses in the West of England area have already expressed support).
- Consult with board thoroughly over priorities, branding and scope of Great South West and ensure that the Pennon Group-led #BackTheSouthWest campaign is not a rival but complementary to Great South West.
- Include the further education sector.

Action: The Board were supportive of the overall concept, however felt it is necessary to increase communication/consultation with local partners such as LAs and MPs before progressing.

CG/RA/HD

4.5 Annual Strategic Review & Process Review (see paper)

The paper provides the Board with feedback from the Annual Strategic Review and the Process Review. The reviews were commissioned in early 2017 to consider a) progress towards the objectives in the Strategic Economic Plan (SEP) and b) the ways in which the LEP operates and makes investment decisions.

Feedback is that the LEP is working well across partners and geographies and is seen as well-led with a lean team that achieves a lot. It is recognised that the Heart of the SW area is a relatively new construct so there has been a period of 'institution building' to enable the geography to work cohesively as a whole. More focus is to be given on:-

- improving linkages, productivity, governance and partnership between the private and public sector especially via the Leadership groups, helped by input from the LEP Network.
- recognition of continued transparency of SIP decision making.
- improvements in Low Carbon demonstrability
- ensuring the Productivity Plan has a specific Delivery Plan attached with it to encompass the LEP and its wider geographical partners.

The Board agreed the recommendations within the paper.

4.6 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.

EJ continues to liaise with Stephen Bird (ex- Board Director) who chairs the ESIF Sub Committee, to ascertain if there are any specific issues that need to be brought to the Board's attention.

Options are being considered on how to address the shortfall in skills match funding due to delays with the managing authority – the Department for Work and Pensions and are the subject of ongoing discussions in the People Leadership group. Unfortunately, as reiterated in previous Board minutes, the loss of £20m from the Skills Funding Agency (SFA) had too many constraints against how this could be used and was non re-negotiable.

HotSW has the highest level European Agricultural Fund for Rural Development in the country but take up is slow. There is also work to be done on improving applications (drop out rate is 23%) to ensure better fit with the LEP's strategic priorities, with pressure on Defra to be more flexible. The Chair of the Sub Committee has been tasked to get the best value for money.

The LEP Network is working with DCLG and the Local Government Association to explore how funds will be allocated post-Brexit.

The Board agrees next steps within the paper.

4.7 Annual Conference (see paper)

This paper provides the Board with an update on progress in arranging this year's Conference and AGM.

The HotSW LEP Conference & AGM event is to be held in Taunton on 10 November as part of Global Entrepreneurship Week / Social Enterprise Week, and an annual report will be published outlining the LEP's budgets and achievements to date.

The Board noted the updates for the conference.

4.8 Annual Accounts (see paper)

Draft accounts 2016/2017 for agreement by directors. They are presented as NIL as the company is listed as dormant.

The Board agreed the accounts subject to:

Action: Directors to ensure they are named under company information and to report any inaccuracies.

Action: Any queries on the accounts to be taken up with the Chief Executive post Board.

All/JP

All

4.9 Tiverton Eastern Urban Extension

Note: A revised hard copy of this paper was handed out at the meeting with a new last page with a series of options tabled.

This paper sets out options for SIP / Board approval for how the LEP might secure a way forward for the Tiverton project. This is due to the GD 2 settlement from government announcing support for three major transport projects, M5 Junction 25, Forder Valley Link Road, and Tiverton EUE, but that support was through a funding envelope of £34.8m which was a shortfall of £7.5 million on the aggregate bid for the three projects. The GD bid showed the schemes in a priority order, with Tiverton being the third priority and in view of the shortfall, it was not possible to allocate any funding to the Tiverton scheme.

The recommendation was approved to issue a funding agreement for £1.5m for Tiverton East Urban Extension - using the (last) proposed funding option to cover risk by balances from the Growing Places Fund until monies are released / available from other projects – therefore enabling the Growth Deal 2 project to proceed.

The Board were in agreement with the above option.

<p>4.Chief Executive’s Report</p> <p>Concern was raised by a board member about the lack of geographical spread of the private sector directors and this was responded to by explaining that the governance structure doesn’t set geographical criteria on private sector members, only local authority ones who are elected to represent their area. Private sector members are appointed on their expertise and it was confirmed that LEP priorities are set according to strategic HotSW-wide effect, not geography.</p> <p>No further comments or queries were raised.</p>	
<p>5. Papers for Noting</p> <p>No comment.</p>	
<p>6. AOB</p> <p>None.</p> <p>The Chairman thanked all for a very productive Board meeting.</p>	

Next Board meeting:- 19 September, 2017 10.00am – 1.00pm at Exeter Racecourse Conference Centre