

Draft Minutes of HotSW LEP CIC Board Meeting
15 May 2020
from
9.30 – 11.30am
Via Microsoft teams audio/video calling

Board Attendees:

David Bird, Regional Director, Santander Corporate & Commercial Banking
Cllr David Hall - Cabinet Member for Resources and Economic Development, Somerset County Council
Dr Fiona McMillan OBE – Non-Exec Director EDF Energy
John Laramy - Principal & CEO, Exeter College
Karl Tucker – Chair HotSW LEP and Executive Chairman, Yeo Valley Farms Production Ltd
Martha Wilkinson – Chief Executive, Devon Community Foundation
Melanie Squires MBE – SW Regional Director, NFU
Cllr Phil Bialyk – Leader, Exeter City Council
Richard Stevens – Managing Director, Plymouth City Bus Ltd
Cllr Rufus Gilbert -Cabinet Member for Economy and Skills, Devon County Council
Sarah Cook - Vice President UK Government Business, Leonardo (joined partway through)
Cllr Steve Darling – Leader, Torbay Council
Stuart Brocklehurst – Chief Executive, Applegate
Cllr Tudor Evans OBE – Leader, Plymouth City Council
Cllr Val Keitch – Leader, South Somerset Council

Officers in attendance:

Alex Parmley - Chief Executive, South Somerset Council, Officer accompanying Cllr Val Keitch
Eifion Jones – HotSW LEP Chief Operating Officer
David Ralph – HotSW LEP Chief Executive
Karime Hassan – CEO, Exeter City Council accompanying Cllr Phil Bialyk, Leader Exeter City Council
Keri Denton – Head of Economy & Enterprise, Devon County Council, officer accompanying Cllr Rufus Gilbert
Kevin Mowat - Interim Director of Place, Torbay Council, officer accompanying Cllr Steve Darling
Pat Flaherty – CEO, Somerset County Council, officer accompanying Cllr David Hall
Tracey Lee – CEO Plymouth City Council, officer accompanying Cllr Tudor Evans

Others in attendance:

Anne Marie Morris MP – representing Devon MPs
Chris Evans - Assistant Director of Innovation, Impact & Business, University of Exeter
Elizabeth Spence - Deputy Area Lead for HotSW & Dorset, South West Team Cities & Growth Unit
Helena Davison – Comms Manager, HotSW LEP
Janet Powell – Executive Assistant, HotSW LEP (for minutes)
Suzanne Bond - Area Lead HotSW, Cities and Local Growth Unit - South West

Apologies:

Rt Hon Ben Bradshaw MP – representing Devon MPs

Prof. Judith Petts CBE– Vice-Chancellor & Chief Executive, University of Plymouth

Prof. Sir Steve Smith – Vice-Chancellor & Chief Executive, University of Exeter

Table of decisions

Paper	Decision	Decision agreed
Agenda item 7 LEP Board Effectiveness Review	For the Board to agree the recommendations within the review report.	Agreed.
Agenda Item 8 Rolling Board replacement	In conjunction with the above review to note the recommendation and agree for private sector directors reaching their 3-year term, to continue in their role for a further 1 year.	Noted and agreed.

Agenda	Action
<p>1. Welcome & Apologies Elizabeth Spence was welcomed as Deputy Area Lead for HotSW & Dorset, South West Team Cities & Growth Unit, providing support to Suzanne Bond. James Heapey has stepped down as the Somerset MP representative for the Board, due to his Ministerial Role for the Armed Forces. He will be replaced by David Warburton, MP going forward. Apologies as above.</p>	
<p>2. Declarations of interest All Board Directors submit yearly annual submission declarations of interest forms. Only those conflicts of interests over and above those already declared are required to be raised which are: - John Laramy - LEP Digital Project for Further Education Colleges Richard Stevens – Growth Hub and Devon Chamber Phil Bialyk & Karime Hassan - Exeter Bus station on the capital pipeline.</p>	
<p>3. Draft Minutes of 24 January 2020 Board meeting and actions arising</p> <p>Action: For a small group of board members to take forward the findings of the defence mapping research project and develop into an action plan – This was discussed at last week’s LEP Management team meeting and a short paper will be written utilising data provided by Chris Evans, University of Exeter in order to propose next steps and to be shared with Sarah Cook of Leonardo.</p> <p>C/f Further work is required within the Local Industrial Strategy (LIS) on how to</p>	<p>DR/EJ</p> <p>DR/EJ</p>

<p>deliver clean growth, possibly in conjunction with Cornwall – the LIS is now complete apart from sign off from the Minister and there is a need to consider where next to go with this?</p> <p>C/f with regard to effects of no deal Brexit HotSW letter sent to Gov’t, Rt Hon Ben Bradshaw MP offered to organise a meeting with Rt Hon Michael Gove and local representatives of the food community in HotSW area to discuss concerns – this became lost in the dealings for Covid – 19 and was meant to be discussed with the Joint Committee. However, will try to resurrect and progress a meeting via Rt Hon Ben Bradshaw, MP.</p> <p>Action: Update on the Agri Bill - the final reading was held this week prior to submission to the Lords. However, none of the amendments were supported. Of those that voted for the amendments 32% of MPs were from the South West, which indicates broad support. The focus for the NFU will now move onto the trade bill next week, (no debate at this stage) but as trade deals become more challenging in the future this will expose the agricultural sector further. Generally, support is greater in the Lords, therefore further work/and or meetings on the rural piece will be very important.</p> <p>C/f the report on Natural Capital to be circulated to the Board for endorsement – this was circulated and will go back to the Place Group at next week’s meeting to agree next steps.</p> <p>C/f in future, notes of Leadership group meetings to be included to the Board under ‘other papers for noting’ – due to Covid – 19 Place, Business, People (Skills Advisory Panel) have not met since earlier in the year, therefore no meeting notes.</p> <p>Update on Growth Deal (GD) Digital Call Extension - upon recommendation by SIP the following appraisals of the 3 Digital Call projects were agreed via email by the Board: -</p> <ul style="list-style-type: none"> a) A voucher scheme to support digital connectivity (to be delivered by CDS b) To support delivery of Plymouth City Council’s Plymouth Sound 5G project c) To FE Colleges to support digital delivery across the HotSW area <p>The Board decided not to progress the Blue Screen project.</p> <p>All other actions completed.</p>	<p>KT/DR</p> <p>DR</p> <p>JP</p>
<p>4. Questions from the public None.</p>	
<p>5. Chief Executive’s Report</p> <p><u>Highlights and updates for information include: -</u> Annual Performance Review (APR)- The LEP scored Governance – Good; Delivery – good; Strategy – met which ensures HotSW LEP will receive Gov’t funding for 2020 –</p>	

2021 of £500k (but not the additional £200k provided in the last couple of years). With regard to Local Growth Deal funding (LGD) only 2/3 of funding (which is capital) will be provided in May. Following a period of joint working and review over the Summer on contractual commitments and likely spend over the remainder of the year, this will then unlock Ministerial confirmation on the final 1/3 to be paid after the review. With 99.9% of monies committed, the LEP needs to ensure it continues to strictly manage this process.

Nuclear Sector Deal – Dept. for Business, Energy and Industrial Strategy (BEIS) agree there is a strong case and it will proceed to appraisal next month/or early July, for hopefully sign off to ensure continued funding for the supply chain.

Action: There is renewed interest by Gov’t for the Rural Productivity Plan with a meeting to be organised between HotSW LEP and the new lead in BEIS to bring up to speed.

S Bond/DR

The LEP’s current funding is fully committed and nearly fully contracted on existing programmes. The intention, however, is for any proposals going forward (even those capital projects) to include a specific strand to demonstrate how they will tackle hardest hit places and communities and commitment to inclusive growth in line with the LEP’s clean growth and inclusivity strategy.

The Chairs of the Sub- Groups were invited to give an update.

David Bird – Private Board Member, Chair of Strategic Investment Panel (SIP) and Chair of Finances and Resources Committee (F & R) gave an overview of both groups.

Finance and Resources Committee (F & R) - thanks were given to both Mel Roberts and Ben Bryant from Somerset County Council who look after LEP Finances for producing a more user-friendly version of accounts. Increased reserves reflect the LEP’s ability to continue to operate for the next 12 – 18 months assuming no further core funding from Gov’t but this is under constant review. To highlight though the low interest rates generated by Growth Deal (GD) and the receipt of LGF monies in two tranches will impact the budget.

Strategic Investment Panel (SIP)- No decisions or recommendations made at the last meeting and pleased with the APR results. The meeting was attended by both SBond and Becky Miles (the new Interim Area Director for South West & West Midlands, CLG) who reflected back there had been good progress made on developing and reporting back the various outputs from the projects. The board were thanked for their support in helping with this which will be invaluable when seeking further funding. Good discussions on the Growth Hub (GH) and how it’s assisting businesses with quality advice in the current climate and also how to fund the GH with more support in the future, but this relies on being able to swap capital to revenue, for which the LEP has a good track record with, thanks to the support from the Local Authorities (LAs)). A good job is being done to drill down into projects for slippage and recognition to provide good communication to Gov’t to

advise to mitigate any potential shortfalls. The next important task will to review the Ash Futures Impact Report.

Action: An open invitation is extended to any Board Directors who wish to participate in the next F & R meeting and join in with debates for 9 June.

All to JP

SB, CLG and DB were thanked for their continued support. The underlying message from Gov't is that monies will be clawed back if not spent, but LEPs have leeway to use freedom and flexibilities with no censure at this time. With the UK Shared Prosperity Fund (UKSPF) disappearing, it is hoped there will be funding for LEPs within Recovery Plans.

Freeports Consultation – this is currently with the LEP Management team (today) for discussion, to be reviewed internally prior to submitting a draft prior to the deadline submission date of 13 July.

Action: Draft Freeport consultation to be circulated to Board for information.

EJ

Place update by Mel Squires, Chair – meeting to be scheduled as soon as possible. Although the Natural Capital document was circulated there has been little response so far (welcome any further comments). Future projects will be looked at through the lens of natural capital recommendations.

Skills Advisory Panel (SAP) formerly People, Fiona McMillan, Chair – next meeting 26 May, with much to focus to on as skills features heavily in the HotSW Recovery Plan.

There are four main areas of concern: -

16 – 18 yr olds - who transition from schools and colleges to employment, University or move into apprenticeships, that some types of jobs may no longer exist in the future and lack of motivation from not taking exams.

19 – 25 yr olds - who may now be out of work (highest area of unemployment) due to risky sectors, with some still starting out in employment.

Displaced adults - out of work, how to support these to move from current employment to take up better opportunities

There are big issues around apprenticeships, making it easier for young people to join and for employers to take them on, with advice and guidance seen as critical, to help connect people up and aspire them to what they could do and easier access to skills training. Also, to not lose sight of vulnerable people and disabilities as there is a danger these could fall into a void and be forgotten.

The Skills Strategy requested by Gov't for March 2021 will probably be deferred to Autumn 2021, therefore it is important that skills needs are specific in the Recovery Plan, for funding to come via this route for LEPs. Prior to Covid, Exeter University was commissioned on behalf of SAP to scope out 'the future of work' and this is even more important now in a post Covid landscape.

Business Group, Richard Stevens, Chair – concentrated on GH. Currently awaiting Covid response offer letter, anticipating £208k, all but £50k has already been allocated by SIP. The GH is coping with the demand, but this is diminishing quickly, particularly the digital support where the demand and support required is for businesses to re-evaluate the business model, for forecasting and the move to digital delivery. The group is monitoring the use and uptake of the GH and if needed will try to move funding around to meet demand. Also, helping to lobby to plug the gaps in funding support from the Gov't and providing feedback using a variety of channels each week by submitting evidence-based information direct to BEIS, which is being used to support the LEP's recovery plan. The group will bring an update of the innovation landscape review to the next Board meeting and is also involved in Defence mapping. The Access to finance workstream was put on hold but work on this will start again next week.

The order of the agenda was changed around to move to agenda item 7.

7. LEP Board Effectiveness Review & Conclusions for Decision (see copy of paper)
S Brocklehurst, author of the paper gave an overview.

It was emphasised that it is recommended practice to have a yearly review of all Boards to judge their effectiveness. The footnotes and references included on the document means it can be shared with stakeholders to demonstrate the seriousness the LEP places upon this.

The main issue the document seeks to address is the misunderstanding between the roles of private and public sector directors e.g. public sector directors represent the public sector but also the whole community they serve including the interests of businesses, therefore labelling directors as public and private is quite misleading. Directors are unified and have a collective responsibility to further the aims of the whole region. However, in corporate governance there is a difference between stakeholder directors (who sit on a board by virtue of their role as shareholder or elected representative) and independent directors (who do not have a vested interest) who support the quality of decision making and governance. Independent directors are required to be the majority of the Board and they bring experience from their own company background but do not necessarily represent a particular sector.

In the future, independent directors need to be recruited for their potential, not for their prior experience otherwise this will reduce the pool and diversity of the Board. The induction process needs to be strengthened so that all directors understand the principle of good governance.

In conclusion the consultations carried out for the review with stakeholders, independents and officers showed a high level of respect between groups with universally positive comments between each.

<p>The Board gave thanks and complimented the paper and its recommendations.</p> <p>Point to note: - To clarify decision making process and delegated authority between subgroups and Board, plus review composition of the subgroups for imbalance. Authority and strategy sit with the Board and the Board chooses to whom it delegates authority to. Subgroups bring forward tasks and delivery mechanisms.</p> <p>Whilst not covered by the paper – FM has agreed to become the senior Independent Director and MW the diversity lead.</p> <p>Action: The description of role of Independent Senior Director to be drawn up.</p> <p>All 10 recommendations and associated actions from the above paper were approved.</p>	<p>KT/DR</p>
<p>8. Rolling Board replacement (see paper)</p> <p>Some independent Board members are coming up to their first 3-year break point of term of office (as per the LEP Articles of Association) but may serve a further 3 year term up to a maximum of 6 years. Those reaching their 3-year term in June 2020 have agreed to stand on for a minimum further 1 year. To enable those who would like to become more involved with the Board and become prospective Board members, they should in the first instance be encouraged to join one of the LEP’s leadership groups.</p> <p>Action: a rolling retirement schedule for independent Board members will be developed in the next few months for succession planning by the Nominations Committee and brought back to F&R.</p>	<p>KT/EJ</p>
<p>6. Draft HotSW Recovery Plan – (see set of power point slides)</p> <p>This is ongoing and driven by a task group which meets bi-weekly. The plan is being shaped in conjunction with an Impact Report (also circulated) produced by Exeter University there are still ongoing conversations to shape this.</p> <p><u>An overview of the Impact Report was given by Chris Evans of Exeter University</u></p> <p>The Report aims to bring together all the new different national models of forecasting, plus regional studies to look at the emerging trends, to predict the impact of Coronavirus on the economy, with the caveat that forecasting is difficult at this time and the report will be updated on a monthly basis. Grim reading puts the South West peninsula as economically the hardest hit due to our sectors of hospitality, tourism, food and drink and culture with uncertainty on steps for recovery. The significant pressures on retail in the high streets will have long term impact on towns/ cities like Exeter and this will need focus in future as to how to</p>	

reshape them.

Real Estate and Construction have also been badly affected, construction is beginning to open up, but longer-term future is uncertain, especially prospects for the residential market. A bigger issue is whether companies will return their staff to office working, the impact on current office stock or will there be different models of working especially in rural areas.

Manufacturing has also been hard hit, the extent to which is dependent on sector, but those supplying the mass transit and air passenger sectors faces a particularly uncertain future.

Areas with Hospitals, local authority offices and colleges are likely to fare better in the short term, due to high levels of public sector employment. The effect of increased future home working will also need to be considered.

In terms of analysis considering outputs and areas with higher or lower levels of job risk, LA's are ranked the highest in terms of loss of output and jobs, again having a significant impact on the ability to recover. Many of the job losses will have skills impacts, particularly on vulnerable groups, young people and women and this will need to be addressed.

Another report, just out, looks at the impacts on high growth businesses and scale up companies, those expected to lead the area through recovery which shows that 2% of jobs in high growth companies are under significant threat and 39% moderately at risk. Especially vulnerable a quarter of scale up companies are severely at risk with greater impact for the South West.

Action: Any specific enquires or reflections about the Impact Report can be communicated individually after the meeting.

All to CE

Action: The offer to share emerging thinking and national modelling from economic impact discussions across Whitehall departments (identifying the South West as hardest hit) will help to shape the HotSW Recovery plan and will be taken offline.

SB/CE

The following comments were made: -

- The current modelling report does not factor in the Brexit impact to the region especially ports (i.e. Plymouth) where reliance is on trade with the EU, which before Covid makes a significant contribution to the economic area of the HotSW and Great South West area, therefore the multiplier effect of Brexit needs to be taken into account.
- Future regional recovery funding needs to help those businesses who by the Gov'ts methodology were ineligible for funding and fell through the gap. Funding needs to be discretionary, not complicated and left to local economic

teams to dispense to business.

- With the LAs recently spending vast amounts of money in the local economy on the acquisition of PPE and emergency services (instead of on normal local services) this will leave a large hole in local Gov't finances the ask is therefore for the LEP to support LA's in full cost recovery from the Gov't to Covid response, otherwise this will devastate further local economies and councils.
- The issues for the Hospitality sector if not fully engaged till the Autumn, (traditionally when visitor economy recedes) and to challenge the Gov't on talks of a possible 3 winter effect against mounting concern from large hotels i.e. within Torbay that anchor both people and local attractions.
- Concerns over rumours of gov 't pulling back on capital spend i.e. Health and improvement plans for local hospitals and the Dept of Transport for the Dawlish line which will significantly undermine the region's efforts to recover.

Action: To follow up at Gov't level any possibility of capital claw back by the Treasury to the Dawlish Line funding.

AM

- At regular LA Chief Executive calls with Ministers from BEIS on grant programmes, concern has been expressed about dipping into reserves (earmarked for town centres/ high street regeneration and business growth) in order to fund ongoing services resulting in no recovery funding left. The role for BEIS is to leverage a deal between MHCLG and the Treasury to secure local level funding for LAs to ensure they can play an effective role in getting the economy moving again.
- To provide the GH with greater resource for it to provide support to businesses on how to open up from lock down.

An overview of the Draft Recovery Plan was given by DR

This presents the initial evidence and work on the plan to the Board, drawn from feedback from the Recovery group, ongoing work in other places and MPs. Further work is required to provide clearer evidence of the impact of Covid and to include the implications around Brexit. The narrative with Gov't needs to improve, the HotSW area has the lowest incidence of Covid but is suffering the highest initial economic impact in the UK. However, this is not sufficiently understood within Gov't, using the correlation of linking areas with highest incidence rates to those hardest economically hit, is at odds for the HotSW region. It is important to hone the messaging to emphasis the region will be hit harder and for longer.

The draft Recovery Plan power point slides were shared on screen with the key themes of restart, (should be reset), revitalise and grow under the banner of 'building back better' (working title) recognising the region needs to come back differently with jobs first but then in the medium term returning to increasing productivity, as set out within the HotSW Productivity Plan and Local Industrial Strategy to focus on clean and inclusive growth, which remain fundamental

to the region.

The area is currently moving into the restart stage and the LEP's intention is to use the GH to provide specific signposting and support to businesses on opening up again for issues around, risk assessments, compliance issues, encouraging employers to stagger start times for staff, advice with social distancing etc. however, as all the funding has been used during the survival phase, there is an important case to be made for further funding.

The response will be based around people, place and business, building on current ongoing local area work to put together a bid for additional money from Gov't.

The challenge around construction opening up, is using capital projects which will get the economy moving again, as long as the supply chains are in place. Initially the evidence base also suggests something needs to be in place for the Culture and creative sectors too. Draft plans are in for Energy, Aerospace, Marine and Digital.

The 'Path to New Normal' slide looks at the sequencing and different interventions, all of which overlap, but depend on what life cycle the country is at. One intervention looks to flex 5% of LA business recovery grants and it may be helpful for the LEP to present this as a HotSW proposal in order to support the LA's in getting this flexibility confirmed, so that the grants can be distributed quickly via the authorities to local businesses that need it. LAs in HotSW have received £537.3m for the Small Business Grants Fund (SBGF) scheme and Retail, Hospitality and Leisure Business Grants Fund (RHLGF)

There is definitely a bid here for a local pot of recovery funding for the LEP to utilise on local priorities (the LEP has no new funding and can only move around GH monies and funding on local projects).

The LEP has not yet been unable to unlock the £12.5m worth of European Social Fund (ESF) monies from the Dept. of Work and Pensions which was agreed due to lack of capacity within DWP to sign off on the contracts – an absolute priority to move forward with. The LEP has written to DWP about these projects and has a call with the local team on 18th May to go through prioritisation

The 'Next Steps' slide looks to review the capital programme pipeline through a Covid lens and determine deliverability of projects against the current landscape by 22 May, with a first working draft of the Recovery Plan by 29 May. Also, to review actions against the Impact Report in early June, organise a follow up briefing to MPs also for early June, with the aim of seeking an MP to assist with presentation to Gov't.

The following points were raised: -

- to encourage the DoE to flex the practicalities of the T level 45-day work placements for T levels (looking at extending these to 18 + age group)
- the biggest risk to manage will be the challenge in encouraging people back to work and the confidence to use public transport, need more emphasis here to link rural and urban economy together.
- Readiness for second or third wave of the virus, due to revisions in lock down and potential for an influx of visitors to the region, a local track and trace system?
- The risk of a serious credit crunch (Bank of England originally stress tested banks against a 4% fall in GDP, now been revised to 14%,) will affect the ability to support businesses.
- The recent Innovation Board meeting is seeking to bring forward interim recommendations, as it continues with the BEIS sponsored MIT REAP process, and at interventions that could be made without funding, connecting people up and clear messaging to encourage start-ups. Good businesses i.e. tourism and hospitality will fail through no fault of their own, can these be persuaded to re-invent/start again whilst not being penalised by the banks in future?
- Recession is the time to train as often an economic upturn follows – line up training in key industries now, so in 2- 3 years’ time skilled workers are ready for emerging jobs.
- Warning on the reliance of Clinic Commissioning Group (CCG) modelling which takes no account of specific region peculiarities, many outdoor jobs are in the fresh air where Covid is less transmittable, the socio economic differences, high number of elderly already living in home care settings – the priority should be to support the health care community to isolate and shield the vulnerable and those with mental health issues to ensure the well-being of the community rather than stopping the economy from opening up and recovering (have to live with the assumption there will be no Covid vaccine soon).
- How to collectively work together to lobby to unlock £18mworth of ESF money?
- To flex response for specific interventions to help those furthest from re-entering the economy, to survive and those in working age poverty and for young people.
- To revise the strategic plan and ascertain if there are any shovel ready capital projects that can be brought forward?
- To pursue and fast track ERDF funding to get the money into the region (live discussions are ongoing to accelerate this)
- Concern over how local district recovery plans fit into the overall LEP recovery plan, and to review the project pipeline against the impact of Covid – 19.

Action: To factor in the above comments in continuing to draft the Recovery Plan, to take more account of risk factors, adjust the T level ‘ask’, public and clinical health expertise in the region, reprioritise the project pipeline, organise into themes with projects underneath for Covid response.

It was greed that LAs have done admirably in getting the money out to those

**DR with
Recovery
Task Group**

<p>businesses that need it, (100% of the money will go to businesses) but it would be helpful to see the Gov'ts national data and compare to local data for any mismatch with types of businesses that may have been left out. Discretionary funding is best left to LAs to tailor to local place-based businesses (i.e. commercial fishing boats that do not have premises) and although aligned there will be slight variations in rules across the area.</p>	
<p>9. Papers for noting. No comment</p>	
<p>10. AOB None</p>	

Next meeting – 17 July from 10am – 1pm (note this change to a virtual meeting from 9.30 – 11.30am TBC)