

**Draft Minutes of HotSW LEP CIC Board Meeting  
27 November 2023  
from  
2.30 pm – 5pm  
Microsoft Teams link**

**Board Attendees:**

<b>Chair: Karl Tucker</b>	Chair HotSW LEP and Chair Yeo Valley Farms Ltd and Yeo Valley Ltd (KT)
Cllr Phil Bialyk	Leader of Exeter City Council (PB)
Mark Bolton	Principal & CEO, Yeovil College MB)
Stuart Brocklehurst	Deputy Vice-Chancellor for Business Engagement and Innovation, University of Exeter (SB)
Paul Coles	CEO, SWBC (PColes)
Paul Crawford	Chief Executive, LiveWest (PC)
Jane Dumeresque	Non-Exec Director (JD)
Cllr Rufus Gilbert	Cabinet Member for Economy and Skills, Devon County Council (RG)
Helen Higgs	Head of Construction Skills Capability, EDF Nuclear New Build, EDF (HH)
Tracey Lee	CEO, Plymouth City Council (TL)
Cllr David Thomas	Leader - Torbay Council (DT)
Cllr David Woan	Associate Lead Member, Somerset Council (DW)
Prof. Judith Petts CBE	Vice-Chancellor & Chief Executive, University of Plymouth (JP)
Richard Stevens	Managing Director, Go South West
Cllr Ros Wyke	Lead Executive Member for Economic Development, Planning & Assets, Somerset Council (RW)

**Officers in attendance:**

David Ralph	Chief Executive, HotSW LEP (DR)
Jason Vaughan	Director of Finance, Somerset Council (JV)
Jo Currie	Finance Rep for LEP / Somerset Council (JC)
Keri Denton	Head of Economy & Enterprise, Devon County Council (KD)
Claire Gibson	HotSW Head of Delivery (CG)
Michelle Brooks	Somerset Council (taking minutes)
Paul Hickson	Service Director of Economy, Employment and Planning, Somerset Council (PH)
Amanda Ratsey	Head of Economy, Enterprise and Employment, Plymouth City Council
Josie Gough	DBT
Sasan Aghani	DBT



C/F Action: write to the National Infrastructure Commission about the issues arising for NetZero infrastructure. Still outstanding	DR
C/F To check and compare the impact data against the original bid outcomes / the benefit-to-cost ratio is only focused on public money (which is what the Government wanted reported) but the Board requested the need to factor in private money in the final report – the report is being updated and will be brought back <b>to 19 January 2024 meeting</b>	DR / HJ
C/F Whilst Somerset Council is in the process of preparing a transition plan, the Board requested a chronological timeframe detailing the Board members' responsibilities, what steps need to be taken and by when the spending commitments and who has the authority to make decisions going forward on what. (NB Gov't has requested plans by the end of November). <b>27 November 2023 meeting</b>	DR
C/F It was agreed that the OIC could still make decisions on expenditure but that if there were implications on funding beyond April 24, they should be referred to the Board – actions following on from this. (this item is closed)	
C/F Board members agreed that the LEP should draft a letter to the Regulator ASAP (checked by the Board before sending it out) with a statement of intent ref the assets and to ascertain the length of time it takes them to respond to this and any future advice should it feel it was required. <b>Discussion 27 November 2023</b>	
All other c/f items and outstanding actions have been completed.	
<b>Action: amendments for the 13 October 2023 minutes: -</b>	
Item: Commercially Confidential - AOB	
<ul style="list-style-type: none"> <li>- As a result of this request, the CEX consulted with the Chair of the LEP, the Chair of OIC, other independent Directors on the OIC Board (who weren't conflicted) plus the AB and it was agreed to reject the proposal, at no point has ESP provided any credible repayment proposal to repay the loan over an alternative profile. As the matter related to an existing signed agreement and was consistent with the principles of the loan fund agreed previously by the Partnership and this was being implemented, it was considered <b>by those members consulted</b> there was no decision required of the Board and therefore the letter was sent out by the CEX. <b>Although some individuals had been consulted it was agreed at this meeting that under good governance and transparency, because of the financial significance, and the potential significant impact that this loan could have on the community and its stakeholders, the request for a loan extension should go through the full transparent process of being discussed at OIC and then brought to the Board and that this process would now take place.</b></li> <li>- ESPL felt that this should be a decision for the Board hence the discussion at this meeting <i>to read:</i> Jane D felt that this should be a decision for the Board hence the discussion at this meeting.</li> <li>- 18 months to be replaced by 12 months: The Chair proceeded to give some background to this project explaining that 12 months ago ESP wrote to the LEP</li> </ul>	DR

requesting the loan to be converted to a grant which was declined.	
<p><b>5. Questions from the public</b></p> <p>None.</p>	
<p><i>Agenda Item 7 is now heard as Item 6</i></p> <p><b>Item 6. Growing Places Fund – Commercially Confidential</b></p> <p>Noted PB/SB/KD/RG/JD/PC confirmed conflict of interests and took no part in the discussion.</p> <p>DR confirmed the meeting quorate</p> <p>Background to the item as per the minutes of October 2023, AOB</p> <p>DR presented the paper highlighting: the previous decision to extend the Growing Places Fund loan to Exeter Science Park Ltd (ESPL) to the end of November 2023 (from the original agreement to repay the loan by the end of October 2023; that the loan is guaranteed by the University of Exeter and Devon County Council and further details set out in the report (and attached letters) sent out to all Board Members - Exeter Science Park – GFP Loan Extension.</p> <p>KR read out an email from David Bird, Chair OIC summarising the ESPL discussion held at the recent OIC meeting which stated:</p> <p>In terms of OIC and the ESPL discussion I would comment as follows:-</p> <ul style="list-style-type: none"> <li>• Many different views were expressed.</li> <li>• Understanding of the specific ESPL history &amp; situation differed among committee members.</li> <li>• Some members were minded to agree to the extension to April 2024, and some were unsure / had no strong feelings on the matter.</li> <li>• As far as I am aware ESPL has failed to reduce the loan from sales of land parcels as per the original agreement and has no plans to do so in the future. The last ESPL Annual Accounts were unqualified which signifies to me that they do have plans to repay the loan in accordance with the loan agreement.</li> <li>• My point of view was that acting in good faith as a CIC Director and Chair of Finance my view is the loan should be repaid at maturity. If the loan is not repaid then formal demand should be issued on ESPL. One day later formal demand should be issued to the guarantors seeking their proposals for repayment. This is the action a responsible lender would take in the circumstances whereby the borrower has failed to provide acceptable repayment proposals and has asked for the loan to be written off previously and more recently has asked for interest charges to cease.</li> <li>• Given the range of views, I felt the discussion should be taken to the full Board and a decision made at that level.</li> <li>• I am 100% of the view that we should call the loan in if not repaid at maturity.</li> </ul> <p><b>Discussion</b></p> <p>- Board Members felt that it was important for this issue to be dealt with through the</p>	

<p>mechanism of the LEP and concerns of extension of the loan post-April 2024 and Director Liability and no date confirmed for the end of LEP</p> <ul style="list-style-type: none"> <li>- clarity of loan/assets following the end of the LEP, with JV, confirming that the transition plan set out that loans to be treated and transferred as other assets in transition to Upper Tier Local Authority (UTLA)</li> <li>- loans should be treated as loans and therefore the need for clear refinancing and business plan for the Science Park ahead of 31 March 2024</li> <li>- the effect and importance of a science park in the region but the recognition that the maintenance and rental of parks and the difficulty in getting inward investment post-Covid, sustainable and effective operation and usage</li> <li>- that to convert the loan to a grant was not an option – rejected in 2022 and previously</li> <li>- the lessons learned through the Ocean Studios project and the consequences of being regarded as a business in difficulty and whether the guarantor's intervention formally represented 'a business in difficulty' ie needing support from the public sectors and in recognition of the need to sign off the accounts</li> </ul> <p><b>Actions</b></p> <p>Add to the 19 January 2024 Meeting for an update to look at the loan date extension post 31 March 2024 / or as directed by upper Tier LA and discuss other loans</p> <p><b>Decision</b></p> <p><b>The Board agreed to extend the loan to 31 March 2024 (subject to a letter of guarantee from guarantors) to allow time for a strategic plan to be progressed</b></p> <p><b>The Board agreed to the continuation of charging interest on the loan.</b></p> <p><b>On behalf of the LEP Board, the Accountable Body is to write to the Guarantors confirming the 31<sup>st</sup> March 2024 deadline and the need therefore to develop a solution ahead of that date</b></p>	<p><b>DR</b></p>
<p><b>Item 7. Chief Executive's Update – Transition</b></p> <p>KR invited PB/SB/KD/RG/JD/PC to re-join the meeting</p> <p>JV introduced a PowerPoint presentation – LEP Integration Plan, highlighting the revised integration plan Government Proposals; that Government guidance now indicates that the integration plan should be agreed upon by Local Authorities and the LEP Board; key dates and Somerset Council responsibilities as the Accountable Body (AB). JV invited the following to present, via PowerPoint presentation:</p>	

KD proceeded to present the Geography of LEP Functions, including the transfer of functions, activities and assets to the four upper-tier local authorities, and engagement with the Great SW, local authority officer group and support of the HotSW growth hub.

AR proceeded to present the Business Voice, highlighting: the upper-tier authority approach to establishing Economic growth boards and as part of an open appointment process

PH proceeded to present Projects, Programmes and Services, including upper-tier authority intentions, partnerships, provisions and functions

Jo Currie referring to the paper on ownership and control assets previously circulated to board members proceeded to present the LEP Background and highlighted the background and creation and legal status of LEP, AB requirements. Ownership of assets, asset lock and assurance framework, and transfer of assets including LGF / GPF loans. Reserves and cash and the next steps.

## Discussion

KT expressed his dissatisfaction that no/little consultation regarding the transition plan had taken place with LEP Board Members and that even now neither the transition plan nor legal advice on which it was based was being presented.

Some Board Members expressed support to continuing the access to finance programme (business angels and finance platform) but agreed progress should be reviewed in the New Year to determine any future funding.

Whilst the briefing note set out the AB's view of asset ownership, the accountancy context leading to this view (highlighted in the initial legal advice) remained unresolved and therefore whether the transfer of assets model might stand up against any legal challenge.

Some Board Members felt there was a need for the CIC to take its own legal advice but if the AB could provide an indemnity to Directors in the discharge of these duties and responsibilities then providing all the advice was shared independent legal or accounting advice may not be required

- the need for impact statements for business as usual and relationships with associated organisations
- the new Government proposal for the LEP Board to sign the LEP integration Plan, and actions should the LEP Board not agree with the AB proposal
- the status of the assurance framework; possible indemnity and the need for independent legal advice
- supportive of a single project management office but thought continuing a single AB may be a more orderly route avoiding the need to establish multiple ABs, assurance frameworks; and novation of several live agreements, etc. The need to make Local Economic Growth boards make effective and meaningful as possible, overlap and

<p>membership and role of GSW</p> <ul style="list-style-type: none"> <li>- supportive of the continuation of a HotSW model for delivery of the Growth Hub through a single AB</li> <li>- the importance of promoting greater diversity into future EGB (something the LEP had found difficult, particularly in the context of attracting new interest in the context of transition)</li> <li>- bau – work to assess complete list understanding work and relationships interface with LEP/GSW</li> </ul>	
<p><b>Action</b></p> <p>Investigate and report the options to the Board, should the LEP Board not agree to sign the LEP integration Plan before the January meeting</p>	JV
<p>Circulate the LEP Integration Plan Presentation to all LEP Board Members and the updated transition plan is to be circulated ahead of the January Board for discussion and agreement at the next meeting of the Board on 19 January 2024.</p>	JV
<p>Circulate the AB legal advice received from Ashfords, to LEP Board members</p>	JV
<p>AB to provide written confirmation as to whether accountancy treatment is compliant with the assurance framework and CIC Articles of Association together with any legal advice to support that view</p>	JV
<p>Seek legal advice regarding LEP Board indemnity where the Board has relied upon advice from AB / UTLA</p>	JV
<p>Write to the CIC Regulator on the proposed treatment of assets (once the legal position and Accountancy treatment are confirmed)</p>	DR
<p>Complete equalities impact assessment as part of the decision to be considered at Somerset Council Executive</p>	KD / PH
<p>Set out EGB development, shape and continuity</p>	JV
<p><b>Decision</b></p> <p><b>The LEP Board is to receive the LEP Integration Plan for review at the 19 January 2024 meeting, together with AB legal advice, written confirmation on accounting practice and potential indemnity.</b></p> <p>Rufus Gilbert abstained on the vote for the above decision due to a conflict of interest (DCC likely to benefit financially from any transfer of funding)</p>	
<p><b>Directors Liabilities</b></p> <p>DR – Advised of Government confirmation that Director Liability will not be offered to LEP Board Directors</p>	



<p>Discussion:</p> <p>Need to put in place run-on insurance</p> <p>Whilst the legal issues of transferring assets were being reviewed reputational position consideration was important and as set in the guidance Directors would want assurance that following any transfer of assets funding would continue to be used for the purpose it was given.</p> <p>Economic elements remain Building on the best practices achieved through the LEP</p> <p><b>Actions</b></p> <p>Circulate legal advice regarding LEP Director Liabilities - actioned</p> <p>LEP Directors to review and comment on LEP Director Liability before the January meeting</p> <p>LEP Board to look into run-off insurance cover</p> <p>Add to January Meeting – Future use of Assets - UTLA to set out (referencing technical guidance) the future use of any transferred resources and the proposed Local Assurance requirements.</p> <p><b>LEP Integration Plan – CONFIDENTIAL ITEM</b></p> <p>Noted DR/ CG left the meeting</p> <p>PH proceeded to present the item, highlighting: the sector development, the LA officers group and the joined-up approach on and future activity through Growth Boards; the approach that upper-tier authorities are taking to integrate current LEP-funded activity on key sectors subject to agreement of legacy funding availability local governance approvals from each local authority, staffing impacts and next steps.</p> <p>Minutes separate from these minutes</p>	<p>DR</p> <p>ALL</p> <p>DR</p> <p>DR</p>
<p><b>6. AOB</b></p> <p>There were no items of other business.</p>	

**LEP Board meeting – virtual 19 January 2024, 9.30am – 12.30pm**