

ENTERPRISE M3 JOINT LEADERS BOARD

Notes of a meeting of the Board held on Thursday, 24th March 2016 in the Boardroom, Woking Borough Council, Civic Offices, Woking, Surrey at 2.00 p.m.

Present:

Cllr Clive Sanders	Leader, Basingstoke & Deane Borough Council (in the Chair)
Mel Barrett	Chief Executive, Basingstoke & Deane Borough Council
Tom Horwood	Director, East Hampshire District Council
Cllr Paul Spooner	Leader, Guildford Borough Council
Sue Sturgeon	Managing Director, Guildford Borough Council
Cllr Roy Perry	Leader, Hampshire County Council
Cllr Stephen Parker	Leader, Hart District Council
Daryl Phillips	Joint Chief Executive, Hart District Council
Bob Jackson	Chief Executive, New Forest District Council
Rachel Raynaud	Economic Development Manager, Runnymede Borough Council
Cllr Peter Moyle	Leader, Rushmoor Borough Council
Andrew Lloyd	Chief Executive, Rushmoor Borough Council
Karen Edwards	Head of Strategy, Rushmoor Borough Council
Cllr John Furey	Cabinet Member, Surrey County Council
Kevin Cantlon	Economic Development, Surrey Heath Borough Council
Cllr Ian Carr	Leader, Test Valley Borough Council
Roger Tetstall	Chief Executive, Test Valley Borough Council
Cllr Stephen Godfrey	Leader, Winchester City Council
Simon Eden	Chief Executive, Winchester City Council
John Kingsbury	Leader, Woking Borough Council
Ray Morgan	Chief Executive, Woking Borough Council

Guests:

Geoff French	Chair of Enterprise M3
Kathy Slack	Director, Enterprise M3
Tanja Aijo	Enterprise M3

Apologies for absence were submitted by councillors Ferris Cowper (East Hampshire District Council), Peter Martin (Surrey County Council), Barry Rickman (New Forest District Council), Ian Harvey (Spelthorne Borough Council), Moira Gibson (Surrey Heath Borough Council) and Julia Potts (Waverley Borough Council).

1. MINUTES OF THE LAST MEETING –

- 1.1 The Board agreed the minutes of the meeting held on 21st January, 2016.

2. ENTERPRISE M3 UPDATE –

- 2.1 Kathy Slack and Tanja Aijo gave a presentation to the Board with a general update on recent Enterprise M3 achievements and activities (copy available on the EM3 Leaders Board website).

- 2.2 Kathy Slack summarised the key achievements since January. She reported that all the STEM skills centres (supporting top skills priorities in science, technology, engineering and maths) were under construction, the 5G Innovation Centre and Basingstoke Incubator hub were successfully attracting new SMEs and that 48% of Enterprise M3's budget was now secured from partners, which had enabled the recruitment of new staff to deliver projects.
- 2.3 On the Local Growth Fund (LGF), Tanja Aijo reported that Enterprise M3 expected to spend £30M (85%) of LGF allocated for 2015/16, with slippage due to project delays. While it would be possible to carry funding between financial years, it was important to demonstrate the LEPs ability to deliver projects in line with planned programmes.
- 2.4 The Joint Leaders Board had received a list of the 17 projects allocated LGF funding in the current financial year. Further to this, a question was asked about funding for projects over more than one year, and whether Hampshire County Council would need to underwrite the funds for the second year of the Whitehill & Bordon Relief Road project. It was agreed that EM3 would confirm the financial arrangements for this project following the meeting. The LGF allocation for 2016/17 was £40.8M and work was ongoing to complete contracts for the projects starting in the next financial year.
- 2.5 On the Growing Enterprise Fund (GEF), £11.7M had been allocated to nine projects, which included the Funding Escalator run by Finance South East (a list of investments was circulated to the Board). Following the fourth funding round, £155k had been awarded to WSX Enterprise for Aldershot Enterprise Centre. It was noted that investments in earlier projects were now being repaid, enabling the fund to be recycled with scope for new investments in 2016/17.
- 2.6 Kathy Slack reported that the National Audit Office (NAO) had carried out an audit of DCLG and their running of the Local Growth Fund, and that EM3 had been part of an Assurance Framework Audit, which had identified one minor point related to a web link. The wider DCLG Audit had identified a number of issues, which may have implications for Local Growth Fund 3. For example, the audit had identified a risk that LEPs might not pursue those projects most suited to long-term economic development due to the pressure to spend LGF allocation in year. In this way, LGF 3 may have a greater focus on Key Performance Indicators, targets and an emphasis on economic impact.
- 2.7 On Local Growth Fund 3, it was noted that the Government had confirmed that the balance of £4.3 billion Local Growth Funding would be made available with a significant emphasis on supporting housing, transport and skills. A total allocation of £1.8bn Local Growth Fund would be made to LEPs, £2bn to a Home Building Fund and £475m to very large local transport projects. The Government had not yet clarified the bidding process, but Enterprise M3 was on target to respond to a July deadline for bids, with PMG carrying out an initial review of expressions of interests in April.
- 2.8 On European Funding, it was noted that the first formal Enterprise M3 Area ESIF Committee had been held on 8th March and that concerns had been raised about the Managing Authority's slow pace of progress. For ERDF (European Regional Development Fund) projects, the Digital Business Acceleration Hubs

and Digital Growth Project were now close to contract signing. Eleven applications for EAFRD (European Agricultural Fund for Rural Development) programme funding had been made, but not yet assessed by DEFRA. Final agreement was still awaited on Technical Assistance bids, and once this had been approved, some additional staff resource would be available to Enterprise M3. The Board suggested that a schedule of the funding decisions from across all of the different European funding streams be prepared for easy reference.

- 2.9 On the multi-site Enterprise Zone, it was noted that a new Programme Steering Group would be set up, and that the next stages of work included negotiating a memorandum of understanding, developing an investment strategy, identifying a range of incentives to attract businesses and to develop promotional material. Enterprise M3 was currently seeking a dedicated Programme Manager.
- 2.10 The Leaders Board wished to record its thanks to Councillor Peter Martin for the regular email updates from the EM3 Programme Management Board, and with information from the European Management Group.

3. UPDATE ON CROSS-LEP TRANSPORT STUDY –

- 3.1 Geoff French gave a presentation on the headline results from the cross-LEP transport study carried out by WSP Parsons Brinckerhoff, which had been commissioned by the Enterprise M3, Solent, Coast to Capital and Thames Valley Berkshire LEAs (copy available on the EM3 Leaders Board website). The study had assessed the economic benefits of strategic transport corridors (road and rail) across the sub-regional area, targeted at transport schemes that were not part of the national programme, but too big for a single LEA area. Schemes were considered based on potential for delivery of new homes and jobs (as distinct from speeds to reach London).
- 3.2 The Leaders Board was advised that the selected corridors in the Study Area were based on extensive consultations. The Study had then evaluated and ranked the schemes by GVA and deliverability, and by 30 year BCR (economic benefit/cost ratio). In this way, the study had helped to improve understanding of scheme deliverability and importance in economic terms. In response to a question, it was confirmed that the Southern Access to Heathrow Scheme (rail link between Guildford and Heathrow) included a link with Woking rail station. The Board noted that the straight-line routes shown on the Study Report plans were notional routes only, but that this would require consideration when communicating with local communities.
- 3.3 The cross-LEP partnership approach to the Transport Study was the first example of a group of LEAs collaborating on strategic transport routes, and the Department for Transport (DfT) was very interested in the Report and the methodology.
- 3.4 The next steps would be to share the final report with the highway and rail authorities, and to discuss the results within EM3's Transport Action Group and with the other commissioning LEAs to seek a common approach to priority schemes. This was with a view to influencing future work by DfT, Highways England and Network Rail.

3.5 **It was AGREED** that Geoff French would circulate a copy of the final report to Members of the Leaders Board.

4. **UPDATE REPORT ON THE COMMERCIAL PROPERTY MARKET STUDY –**

4.1 Kathy Slack introduced the report (circulated with the agenda) which provided an update on progress with the Commercial Property Market Study commissioned by Enterprise M3 to refresh the Study that had been carried out in 2013. The Consultants' draft report was expected to be available by the end of March.

4.2 The Board was advised of emerging findings. With reference to paragraph 3.6 of the report, it was noted that market conditions for offices had changed significantly since 2013 in some locations. Evidence appeared to show a shortage of both office space and sites suitable for office development in Winchester city centre and Guildford and Woking, and that Basingstoke and Andover market areas were losing out on investment to Reading due to an oversupply of dated stock suppressing rents. Initial findings also suggested a very limited availability of industrial space in most market areas, and finding new sites was challenging. In response to this, the Leaders Board indicated the need to look at and understand the demand for industrial space. It was also noted that there was a lack of provision for small, start-up businesses, providing flexible affordable managed workspace, for which there was strong demand. The point was made that this needed to be supported by investment in Broadband for rural locations.

4.3 Meetings had been held with local authority planning and economic development officers to share the draft Commercial Property Market Study findings and the final report would be launched at the Enterprise M3 Board AGM on 27th June, 2016.

5. **DEVOLUTION –**

5.1 Andrew Lloyd gave an update on the latest position on the devolution arrangements related to Hampshire and the Isle of Wight. It was explained that the Hampshire partners had been working to achieve a Hampshire-wide deal, but that this had foundered following an intervention by James Wharton MP, who made it clear that any deal would require a directly elected mayor. At a subsequent meeting of all partners, there was no majority for this approach. Following this, it was found that the Solent authorities, which included Southampton, Portsmouth, Isle of Wight, Fareham, Gosport, Eastleigh, Havant and East Hampshire councils had made direct contact with the Department of Communities and Local Government (DCLG) with proposals for a Solent Combined Authority. This was not announced as part of the Chancellor's Budget speech on 16th March, and by direction of the Treasury, a copy of the agreement has not been made available to any authority outside of the Solent partnership.

5.2 Against this backdrop, discussions were now taking place between the remaining Hampshire authorities to explore options based around a Combined Authority for North Hampshire with the possibility of expanding this boundary. Hampshire County, New Forest, Winchester and Test Valley councils, who had previously been part of the partnership for Urban South Hampshire PUSH but had not been

part of the Solent deal to date, had also been invited to join the Solent bid and were considering their respective positions.

5.3 Ray Morgan updated on the Three Southern Counties proposal, which was at an earlier stage, and confirmed that the Government had not yet raised the matter of an elected Mayor. It was suggested that issues faced in the development of the 3SC bid were similar to those faced in the Hampshire area.

6. FUTURE MEETING ITEMS AND DATE OF NEXT MEETING –

6.1 The Board agreed the following items for future meetings:-

- Place-Making – how it can help the area achieve economic growth
- EM3 Annual Report

6.2 The next meeting would be held at 2.00 p.m. on Thursday 14th July 2016.