

Enterprise M3 Programme Management Group

15 November 2018, 10:00-13:00

Mountbatten Room, HCC, EII Court, Winchester, SO23 8UJ

DRAFT MINUTES

Members Attending

James Cretney - Chair
Deborah Allen
Dave Axam
Rob Carr
David Fletcher
John Furey
Rob Humby

Guests Attending

Kathy Slack
Sally Agass
Rachel Barker
Christian Cadwallader
Helen Caney
Kevin Travers
Deborah Wyatt
Justine Davie

Apologies

Mike D'Alton
Caroline Horrill
Colin Kemp
Catherine Turner

1. Welcome and Introductions

- 1.1 James Cretney welcomed everyone to the meeting.

2. Minutes of last meeting and matters arising

- 2.1 The minutes of the meetings held on 13 September were agreed and the actions noted.

3. Declaration of Interest

- 3.1 In addition to all interests previously declared, the following interests were noted:

Name	Interest	Declared Action
John Furey	A31 Highway Resilience Corridor, Spelthorne Kick-starting Gigabit City, Woking Sustainable Transport Package and Blackwater Valley Gold Grid Public Transport Corridor – Surrey Elements	Left the room during the decision making
David Fletcher and Rob Humby	Expressions of Interest item relating to Town Mills Andover and J2a Bordon Relief Road and Blackwater Valley Gold Grid Public Transport Corridor – Hampshire Elements	Left the room during the decision making
Dave Axam	Blackwater Valley Gold Grid Public Transport Corridor	Left the room during the decision making

4. Funding Prospectus 2019-21

- 4.1 The Group received a paper setting out the new prospectus for capital funding which focussed on a number of areas of opportunity which had been identified as being of strategic importance to Enterprise M3. The prospectus highlighted the importance of digital technology development and clean growth with a focus on key strategic areas. The prospectus stressed the importance of larger scale projects and the need for 50% matched funding. It was proposed that the prospectus was launched the week beginning 3 December 2018.

- 4.2 The Group discussed the proposed prospectus and highlighted some areas that required further clarification. It was requested that the process for applying for different levels of funds was made clearer to explain when an expression of interest or business case was needed. Expectations on match funding should also be made clearer. There was discussion on whether the prospectus should be issued when the Local Industrial Strategy (LIS) was published. However, as the Strategic Economic Plan (SEP) was the basis for the LIS, the prospectus could be a call for proposals to take the SEP/LIS forward. The prospectus should highlight the importance of this being a call for ambitious projects and encourage applicants to discuss ideas with Enterprise M3 before submitting proposals. There was some discussion on the deadline for applications. The date for the prospectus would depend on the incorporation of revised guidance from Government. It was agreed to run the prospectus calls on a rolling programme allocated on a first come first served basis which could continue until there was no more capital funding available to be allocated.

Action to be taken	By Whom	When
Incorporate changes to the prospectus as suggested by the Programme Management Group and issue prospectus in early December or January once assessment requirements were clarified	Deborah Wyatt	November 2018

5. Capital Programme Update

- 5.1 The Group received a report setting out the current position on the projected capital programme expenditure which showed that 99% spend of the 2018/19 Government allocation would be achieved by the end of the financial year. The 99% forecast was based on a 75% confidence level of spend which had been agreed with EM3 theme leads. The same exercise would be carried out to identify the forecast spend to the end of 2021.
- 5.2 Further work was planned to capture the impact of projects through evaluation to demonstrate that delivery was not only about ability to spend but also to report return on investment and the impact on the economy. Hampshire County Council analytics had been asked to undertake this work on behalf of Enterprise M3 so that the information would be available to report on at the Annual Performance Review (previously known as the Annual Conversation) on 9 January 2019.

Housing Infrastructure Fund

- 5.3 The Group was updated on the progress of the Housing Infrastructure Fund (HIF) bids. Basingstoke and Deane had submitted a bid for £125k to support the Manydown proposal which focussed on unlocking a site to meet housing demand. LEP funding would be used to appoint consultants to undertake the bulk of the business case development and enable the business case to be submitted by December 2018. The bid had been approved by the Enterprise M3 Director under delegated powers.
- 5.4 Surrey County Council (SCC) had three shortlisted bids in the Enterprise M3 area for which they were progressing the business cases. SCC had submitted a bid of £125k for scheme development funding for each of the schemes, which were currently being assessed. With match funding of £201,700 this totals a potential commitment of £576,700 towards development of the three HIF Bids. SCC and Runnymede Borough Council were also in discussion with Enterprise M3 to seek additional funding for the A320 North project to enable the proposal to be developed within the timescales required.

A31 Highway Resilience Corridor

- 5.5 An application for capital funding had been received for £2.4m from Surrey County Council to address infrastructure deficiencies and defects along the A31 which currently adversely impacted on journey times and network reliability. PMG had asked the Board to consider the principle of allocating funding to highway maintenance and resilience schemes and the Board concluded that applications should be considered on a case by case basis and evaluated on

their merit as a key strategic route. In light of the Board decision, Surrey County Council had been asked to address the outstanding issues in the business case for the A31 Highway Resilience Corridor and resubmit to PMG for consideration.

- 5.6 Due diligence had been carried out and AECOM had raised some issues relating to the wider economic benefits and the risk of increasing costs. As a result, Surrey County Council had offered to undertake a pilot proposal for Phase 1 of the project, which would be funded from the local contribution element of the business case, with all costs and associated risk sitting with the Council. Successful completion of the pilot to an agreed methodology with quantifiable outcomes would secure the capital funding.
- 5.7 The Group discussed the application and the criteria for funding highway maintenance and resilience projects. There was a strong view that, as the A31 Highway Resilience Corridor was part of the wider Guildford package of work which had strong economic outcomes, the project should be supported. It was highlighted that there was no other funding available for the work at the current time. The Group felt that the pilot proposal was not required as it would delay spend and as the economic benefit was 4:1 it demonstrated a strong economic benefit. The Group wished to ensure that it was made clear to potential applicants that any future maintenance/resilience projects would be assessed on their merits of having strong economic outputs, whether other funding was available and that they were part of a wider package or on a key strategic route. It was requested that criteria were developed to measure future highway maintenance/resilience projects against to help aid the decision making process. The Group agreed that £2.4m capital grant funding be allocated to the A31 Highway Resilience Corridor project

Transforming Colleges Funding

- 5.8 The Group was advised that 10% of the £11.62m transforming colleges programme capital funding had been allocated to condition works projects. The new prospectus for the remaining £6.59m would be aimed at developing existing college infrastructure to meet future demands of business and industry.

Action to be taken	By Whom	When
Proceed the A31 Highway Resilience Corridor scheme to contract.	Kevin Travers	January 2019
Compile criteria to measure future highway maintenance/resilience projects against to aid decision making	Kevin Travers	January 2019

6. New Expressions of Interest for 2018/19 Funding

- 6.1 The Group received a report on the new expressions of interest which had been submitted by the October deadline. There were two projects ranked as category A. The Town Mills Andover project was an urban realm regeneration project looking to transform the heart of Andover Town Centre by establishing a new urban park with close links to both the High Street and proposed Cultural Quarter. The project sought £513k of capital grant funding against a total project cost of £1.25m which would enable 100 new homes through road access work. The second project, J2a Bordon Relief Road, requested up to £400k of capital loan to smooth the build process to enabling the development of the new Esdevium HQ building to be built at pace. PMG agreed that both projects should proceed to due diligence.
- 6.2 A project had been submitted by Sparsholt College for an Animal Health and Welfare Research Facility which had been ranked as a category B as there was less than 50% match funding. The application was for £1m capital grant against a total project cost of £1.5m for refurbishment and new build costs for college facilities. The Group was of the view that although the match funding was less than 50% it was within the remit of PMG to approve the project to proceed to due diligence if it was felt that the outputs were sufficiently high. It was agreed that further discussion should be held with Sparsholt and Innovation South Virtual

Campus, a project which had also been unable to secure match funding, to see what outputs were achievable and the funding required to establish whether the projects could progress to further. The outcome of the discussion would be reported back to PMG.

Action to be taken	By Whom	When
Progress the Town Mills Andover project to due diligence	Kevin Travers	December 2018
Progress J2a Bordon Relief Road project to due diligence	Kevin Travers	December 2018
Discussions to be held with the applicants on the Sparsholt Animal Health and Welfare Research Facility and Innovation South Virtual Campus to establish whether the projects could be progressed	Sarah Carter	December 2018

7. Capital Projects for Consideration

a) Spelthorne Kick-starting Gigabit City

- 7.1 The Group received a report on the Spelthorne Kick-starting Gigabit City project which requested £500k capital repayable grant to invest in the introduction of full fibre gigabit access for businesses and residents. The project would connect most of the town centre and establish a model and ecosystem for other investment to connect the rest of the Borough. The total project cost was £993k with match funding provided from Spelthorne Borough Council. The request was for a capital repayable grant and Spelthorne Borough Council would pay back the full capital investment to Enterprise M3 over a ten-year period.
- 7.2 AECOM had carried out due diligence on the project and put forward a number of recommendations including that payment terms, interest and timescales should be included in the contract. There was also a question regarding the legal title and ability for Spelthorne Borough Council to retain revenue. It was confirmed that all recommendations raised by AECOM would be addressed as part of the contract negotiation.
- 7.3 The Group discussed the project and there was some concern expressed regarding State Aid and the importance of ensuring Spelthorne Borough Council understood the requirements. Spelthorne had advised that although their internal State Aid specialist had reviewed it, they were going to get advice from a barrister to ensure compliance. It was requested that Spelthorne Borough Council be requested to provide written confirmation that the project would be State Aid compliant. Clarification on the procurement process of VXFIBER by Spelthorne Borough Council was also requested before the funding was awarded. The Group agreed that, subject to written confirmation of State Aid and procurement compliance, £500k capital grant be allocated to the Spelthorne Kick-starting Gigabit City project.

Action to be taken	By Whom	When
Proceed the Spelthorne Kick-starting Gigabit City project to contract, subject to written confirmation being received on State Aid and procurement compliance.	Helen Caney	December 2018

b) Elmbridge Invest for Growth

- 7.4 The Group was advised that the Elmbridge Invest for Growth project had now been withdrawn as the purchase of the building they had identified was no longer going ahead. The project would be removed from the pipeline.

Action to be taken	By Whom	When
Remove the Elmbridge Invest for Growth project from the capital funding profile	Justine Davie	November 2018

Action to be taken	By Whom	When
Advise Elmbridge Borough Council that the Invest for Growth project has been removed from the Enterprise M3 Capital Programme pipeline	Helen Caney	

c) Regional Cyber Security and Big Data Innovation Centre – Royal Holloway

- 7.5 The Group received details on the Royal Holloway Regional Cyber Security and Big Data Innovation Centre project which requested £5m capital grant of a total project cost of £12.93m. The grant would part fund the provision of a new build facility to house a Regional Cyber Security and Big Data Innovation Centre at Royal Holloway as part of a larger Enterprise Centre complex. The Regional Centre would provide standard and bespoke training programmes on cyber security, access to collaborative research and incubation of start-ups and spin outs. The funding would support a number of priorities set out in the Strategic Economic Plan including digital technologies, AI and technology opportunities, internationalise and encourage inward investment and support high value sectors. The investment would deliver a minimum of 25 businesses over a five-year period, 250 new jobs and 250 safeguarded jobs and an increase in GVA of £300m over a ten-year period.
- 7.6 AECOM carried out due diligence on the project and had made a number of recommendations which were all manageable and would be addressed in the contract negotiations and delivery phases. Royal Holloway had already provided written confirmed that they would directly fund the balance of £7.93m and meet any overspend on the project. The Group discussed the project and it was suggested that Enterprise M3 explore building into the contract that if there was an overage position Royal Holloway would be required to share some of its profit. There was also a request for Royal Holloway to provide clearer deliverables. Details on the current position with planning permission would be included in the Board paper.
- 7.7 The Group agreed to recommend to the Board to agree to allocate £5m capital grant to the Royal Holloway Regional Cyber Security and Big Data Innovation Centre project.

Action to be taken	By Whom	When
Recommend to the Board to agree to allocate £5m capital grant to the Royal Holloway Regional Cyber Security and Big Data Innovation Centre project	Helen Caney	29 November 2018

d) Woking - Sustainable Transport Package – Phase 1

- 7.8 The Group received a report on the Woking Sustainable Transport Package – Phase 1 which requested a capital grant of £3m to deliver enhancements to walking, cycling and bus infrastructure to promote clean growth in Woking Borough. The total cost of the project was estimated to be £4.4m. The main aim of the project was to improve access and unlock growth at a development site which had the potential to create housing and jobs, improve access to employment centres, ease congestion and improve traffic flow and promote sustainable modes of travel. It was estimated that the project would generate 167 jobs, accelerate the refurbishment of 2,000m² of employment floorspace and contribute £12.4m GVA.
- 7.9 AECOM had carried out the due diligence and raised questions with Surrey County Council which had been addressed. However, there were three issues remaining where further information was required which related to benefits and disbenefits. There was also an issue highlighted with the pedestrian/cyclist canal bridge if the land acquisition and planning permission was not successful. It was proposed that Enterprise M3 worked with Surrey County Council to agree the appropriate further work required to provide greater confidence in the outcomes.

- 7.10 The Group discussed the project and agreed that the project would not be recommended to the Board for approval until a satisfactory methodology had been agreed to demonstrate the benefits.

Action to be taken	By Whom	When
Work with Woking Borough Council and Surrey County Council to agree a satisfactory methodology to demonstrate the benefits and disbenefits	Kevin Travers	December 2018

e) Blackwater Valley Gold Grid – Public Transport Corridor – Strategic Case and Surrey Elements

- 7.11 The Group received details on the Blackwater Valley Gold Grid – Public Transport Corridor scheme which provided a set of measures that would improve public transport provision in the Blackwater Valley area. The scheme was promoted by Surrey County Council and would be delivered in partnership with Hampshire County Council as part of a wider programme of improvement in the Blackwater Valley area. The measures included traffic management to improve reliability of bus operations and improvements to passenger infrastructure and information. The benefits of the scheme included 208 jobs, 1,000 sqm of new employment floorspace and 1,500 upgraded employment space, and a contribution of £12.5m GVA.
- 7.12 The total cost of the overall scheme was estimated at £9m. Surrey County Council had requested a grant of £4.5m, of which £3m was for the Surrey element and £1.5m on behalf of Hampshire County Council. Stagecoach had invested £4.5m on 18 new buses which were currently operational in the Blackwater Valley area which constituted the match funding for the scheme.
- 7.13 AECOM had carried out the due diligence on the whole scheme and concluded that overall the strategic case and objectives of the scheme were sound although the specific elements of the scheme needed further development. Most of the issues identified in the scrutiny could be mitigated so they would not cause a serious issue in relation to the overall business case. The key outstanding issue related to the detail of the works that would be delivered and in particular the LEP funded element. Details would be included on the £1.5m investment in the Hampshire County Council proposal which would be submitted in June 2019. AECOM had sought further clarification from Surrey County Council in relation to the £2.1m for bus stop infrastructure upgrades which had been provided. Accessibility would be provided as a minimum at 50 locations with Real Time Passenger Information and/or a shelter envisaged at a further 110 stops. Further detail on the £900k Surrey County Council element on measure to improve bus reliability would be available at the end of the month.
- 7.14 The Group was asked to provide conditional approval for the £2.1m for Surrey County Council element for bus stop infrastructure upgrades to enable the project to be progressed. It was requested that the remaining £900k of the Surrey element was delegated by PMG to the LEP Director for approval. Details of the measures would be reported to PMG in January for information.
- 7.15 The Group discussed the project and it was requested that there was more information included in the proposal on digital technology and clean growth. It was also requested that data was provided from the bus company on the number of users now and after implementation of the scheme. The Group agreed to recommend to Board to approve £4.5m capital grant for the Blackwater Valley Gold Grid – Public Transport Corridor – Strategic Case. The £2.1m capital grant for the Surrey element for bus stop infrastructure upgrades was approved subject to the overall strategic case being approved by Board and strengthening of the digital, clean growth and data elements. The remaining £900k for the Surrey element and the £1.5m for the Hampshire element to be reported to PMG once the detail was available.

Action to be taken	By Whom	When
Recommend to Board to approve £4.5m capital grant for the Blackwater Valley Gold Grid – Public Transport Corridor – Strategic Case	Kevin Travers	29 November 2018
Approve £2.1m capital grant and progress to contract the Blackwater Valley Gold Grid – Public Transport Corridor Surrey element, subject to approval of the overall strategic case and strengthening of digital, clean growth and data in the business case	Kevin Travers	29 November 2018

8. EZ³ Programme Update

- 8.1 Christian Cadwallader updated the Group on the current position with the Enterprise Zone programme. The enabling works for Plots K and K1 on Basing View had expected to start in December, 2018, however there had been some delays due to a change in Building Control requirements which meant a redesign of the proposal and submission of a revised planning application, which was unlikely to be determined until late Summer 2019. It was hoped that some spend would be achieved in 2018/19 on some enabling works. There had been a provisional request for additional funding. The exact figure was not yet known but Basingstoke and Deane had provided an estimated figure of £450k on Plot K and K1 due to the required design changes. A meeting was being held with Basingstoke and Deane to clarify costings. The request for additional funding would be sent to PMG electronically for consideration and agreement.
- 8.2 The purchase of Plot J at Basing View was completed in July 2018 and a design team was to be appointed to develop the Innovation Centre proposal. It was not envisaged that work would progress on the demolition until January/February 2020. The enabling works on Plot W commenced in July 2018 with a targeted completion date of October 2018, minor delays resulted in a revised completion date of December 2018, with construction due to be completed in early 2020.
- 8.3 The initial contract for the upgrade to the existing power supply on Longcross Park had been signed between Crest Nicholson and SSE to commence the detailed design work which it was due for completion in December 2018. The construction of the Discovery Building at Longcross Park was due to commence shortly with the public realm work commencing after the construction, therefore it was unlikely that any LEP capital spend would be achieved until 2019/20.
- 8.4 Homes England were intending to market Techforest in early 2019 which could result in a submission for additional funding from Enterprise M3 for intelligence gathering and to support any commercial development.
- 8.5 The Group was concerned about the effect the delays would have on the overall profile of the EZ³ programme. Details on the original timescales against the current forecast was requested along with a reprofile of the BRIG.

Action to be taken	By Whom	When
Send an electronic request to PMG for agreement to the additional funding required for Plot K and K1	Christian Cadwallader	30 November 2018
Provide a paper setting out the changes in the timescales and reprofiling of the BRIG	Christian Cadwallader	December 2018

9. LEP Update on Recent Developments

- 9.1 Kathy Slack updated the Group on recent developments and activity and in particular the progress with the LEP review. The Assurance Framework was being re-examined to make sure the necessary changes highlighted in the LEP review were addressed as well as anticipating the changes expected in the Government guidance. Terms of reference for the action groups and sub-groups were also being reviewed to ensure the LEP was in a good position before the Annual Performance Review which was being held on 9 January 2019.
- 9.2 The model of incorporation being recommended was for a Company Limited by Guarantee with 20 Directors who would also be Members after incorporation. The staff and functions of Enterprise M3 Ltd would continue to operate under Service Level Agreements with the Accountable Body who would continue to hold the revenue and capital funds.
- 9.3 PMG Members had requested for the quorate requirement for PMG meetings to be reviewed. A question was raised on whether the current arrangements were sufficient for the levels of responsibility undertaken by the Group. A paper would be provided to a future meeting with a proposal on the size and membership of the Group.

Action to be taken	By Whom	When
Prepare a paper for a future meeting on the proposed size and membership of PMG	Sally Agass	January 2019

10. European Programme Update

- 10.1 The Group received and noted the update on the EU programme.

11. Forward Programme

- 11.1 The Group noted the current forward programme.

12. Any Other Business

- 12.1 The future Programme Management Group meetings would be held as follows:

- Thursday 17 January 2019 – 10am-1pm – HG Wells, Woking
- Thursday 14 March 2019 – 10am-1pm – Rushmoor BC, Farnborough
- Thursday 9 May 2019 – 10am-1pm – Hampshire CC, Winchester
- Thursday 11 July 2019 – 10am-1pm – HG Wells, Woking
- Thursday 12 September 2019 – 10am-1pm – Rushmoor BC, Farnborough
- Thursday 14 November 2019 – 10am-1pm – Hampshire CC, Winchester
- Thursday 16 January 2020 – 10am-1pm – HG Wells, Woking
- Thursday 12 March 2020 – 10am-1pm – Rushmoor BC, Farnborough