



Driving prosperity in the M3 corridor

Enterprise M3 Board

30 July 2015, 2.00 – 5.00pm

Whitehill and Bordon Eco-Station, Camp Road, Bordon, GU35 0LH

MINUTES

Board in Attendance

Geoff French - Chair
David Barnes
Andy Barr
Tim Colman
James Cretney
Zoe Gray
Andrew Lambert
Malcolm Parry
Louise Punter
Clive Sanders
Mike Short

Guests in Attendance

Rowena Robson
Jill Lee
Steve Pearce
Dominic McGrath
Rachel Barker
Tom Hinchcliffe
Alex Piper
Chris Quintana
Kathy Slack
Deborah Wyatt
Justine Davie

Apologies

Dave Axam
Ferris Cowper
Maira Gibson
Keith Mans
Stephen Mansbridge
Peter Martin
Christine Slaymaker
Chris Tinker

Amanda Brooks

1. Whitehill and Bordon Redevelopment

- 1.1 The Board Members were taken on a tour of the 200 hectare Whitehill and Bordon redevelopment site which would provide 3,350 new homes and 5,500 new jobs in the town. Steve Pearce, Project Director at East Hampshire District Council, Dominic McGrath, Strategic Transport Manager at Hampshire County Council and James Child from Taylor Wimpey Dorchester attended the tour to show the Board the site and provide some details about the redevelopment. The relief road, for which the LGF application was being considered later in the meeting, would provide access to the development site and ease congestion on the A325. The relief road work would be in two phases and was expected to be completed in 2017.
- 1.2 The Board discussed the development and in particular the provision of employment sites. It appeared that there were limited sites for large employers just smaller units for small and medium sized enterprises (SME's). There was concern that if there were no large employers in the town there would be no draw for people to buy homes in the area. The Board was advised that there were other sites outside of the main development available for redevelopment for larger employers.

2. Welcome and Introductions

- 2.1 Geoff French welcomed everyone to the meeting.

3. Minutes of the previous meeting & matters arising

- 3.1 The minutes of the previous meeting were agreed and the actions were noted.

4. Declarations of Interest

- 4.1 In addition to all interests previously declared, the following interest was noted:

- Clive Sanders declared an interest in relation to the Basingstoke North East Corridor to Growth transport project and left the room during the discussion and decision making.

5. Growth Hub

- 5.1 Deborah Wyatt and Jill Lee, Growth Hub Manager, attended the meeting to update the Board on the progress of the Growth Hub. It had been identified that businesses wanted information on business support available quickly. A brochure was circulated to the Board which set out the purposes of the service and the expected impact. The Growth Hub would comprise two integrated services, a resource network which would provide easy access to a comprehensive source of local, national and international support for business through a portal, and a growth service which would provide personal services connecting businesses with experts to help their growth plans. The growth service would aim to engage with 250 businesses that had the desire and will to grow. Growth Champions would contact companies that had been identified as having growth potential to help them to build and develop their growth plans.
- 5.2 The website had been built and was now being filled with content, partners would have the opportunity to populate their own content. A briefing document was being prepared for partners to enable the message about the Growth Hub to be disseminated to SME's in the area. There would be a launch in September 2015 and potentially a ministerial visit in October 2015.
- 5.3 The Board asked how the benefits and success of the Growth Hub would be evaluated. It was explained that there would be questionnaires carried out and some independent evaluation work would also be carried out as part of the overall evaluation strategy for projects.

6. Annual Report 2014/15

- 6.1 Kathy Slack advised the Board that the Annual Report had been produced and circulated to all Board Members and the feedback received to date had been very positive. A brochure was being prepared to set out some general information on Enterprise M3. A slide deck was also being prepared to enable partners to provide information on Enterprise M3 to their contacts. The slide deck set out the successes from 2014/15, including the aims and specific successes in each of the Strategic Economic Plan priority areas, information on funding was included and areas of significance looking ahead. There was some further work required to finalise the slides but they would be circulated to the Board once complete.
- 6.2 The Board noted the slide deck and agreed it would be a useful tool for partners. Louise Punter highlighted that there was still a gap regarding international trade and suggested that a rapid action meeting could be held to identify some ways on how to move forward. It was recognised that international trade was an issue and the matter would be raised with the Enterprise and Innovation Action Group to take forward.

Action to be taken	By Whom	When
The finalised slide deck to be circulated to the Board	Kathy Slack	September 2015
Enterprise and Innovation Group be asked to look at how to address improving engagement on international trade	Chris Quintana/ Mike Rushworth	September 2015

7. Combined Authorities

- 7.1 Geoff French advised the Board that the Government had asked for County Councils to submit proposals for devolution powers by 4 September. Surrey County Council had announced plans to put together a proposal to join up with West Sussex and East Sussex but it was unclear whether the proposal would be ready in time to meet the deadline. Enterprise M3 had offered to assist Surrey County Council with preparation of their proposal. Hampshire County Council had been preparing a proposal for Hampshire and Isle of Wight devolution which would include Hampshire County Council, all 11 district Councils, the Isle of Wight, and Southampton and Portsmouth. Hampshire County Council had identified 18 workstreams and would involve Enterprise M3 and Solent LEPs in the development of the proposal. It was not intended that there would be any changes proposed for the LEPs.
- 7.2 Clive Sanders advised the Board that a Statement of Intent would be sent to Government prior to the 4 September deadline from the Hampshire local authorities and LEPs setting out the headline ambitions for devolution for a Hampshire and Isle of Wight Combined Authority. It was agreed that this Statement of Intent would be shared with all Enterprise M3 Board Members in advance of the 4 September 2015 submission date.

Action to be taken	By Whom	When
Circulate the Statement of Intent with Board Members in advance of 4 Sept	Kathy Slack	28 August 2015

8. Performance Monitoring and Evaluation

Summary of Local Growth Fund Programme Performance

- 8.1 The Board was advised that six projects were in the final stages of contracting, with seven contracts already signed. Fifteen of the twenty projects due to commence in 2015/16 had been approved by the Board, with a further three being considered later on the agenda.
- 8.2 There was currently a forecast of £3.5m underspend on the £35.3m LGF funding allocated for 2015/16. There had also been approximately £6.5m of transport cost increases identified with £2m in 2015/16. Although these increases would not currently create an overspend in 2015/16, in 2016/17 and 2017/18 significant projected overspends had already been identified compared to the LGF funding currently committed by Government. The known cost increases would create further pressure on those years, however it was expected that some of this spend would slip back into the latter part of the programme, where there was further headroom available. Project managers were aware of and actively managing this situation. In addition, further Growth Deal funding may be made available, in particular from 2017/18 onwards.
- 8.3 The performance dashboard on spend was circulated and it was proposed that a further dashboard would be developed to provide information on performance against targets and provide some indication on the economic context. The funding distributed to date was £2.6m and it was forecast that £10.6m would be distributed by the end of quarter 2. The Board noted the current funding position and the potential impact of known cost increases.

Evaluation

- 8.4 An evaluation strategy had been developed to understand the impact of the LGF which would include self-evaluation undertaken for the majority of projects and independent evaluation for those projects judged to be of particular strategic importance. The projects proposed to undergo independent evaluation were the **5G project**, **Growth Hub**, **Brockenhurst College** and the **SANGS Pilot**. Outline evaluation plans for these projects had already been developed. The Programme Management Group had also requested

that due to the particular strategic importance of **Farnborough International Hall 1/1A Permanent Venue**, this should also be included for independent evaluation.

- 8.5 It was proposed that PMG would have a role in overseeing the overall evaluation approach, and for future rounds of LGF consider projects that were of sufficient strategic importance to warrant an independent evaluation. The Board agreed the proposed evaluation approach and final evaluation strategy which was circulated.

Key Performance Indicators

- 8.6 Tom Hinchcliffe reported on the development of a small set of Key Performance Indicators (KPIs) to provide the Board with high level and relevant information on Enterprise M3’s performance. The indicators had been developed to provide a fair and complete view of the activity being undertaken. The indicators included showing progress towards achieving the three overall economic ambitions set out in the Strategic Economic Plan and activity underway within each theme.
- 8.7 The Board would continue to receive the dashboard showing the current status of projects, expenditure and contracts signed. This would be supplemented with details on the number of projects where delivery had started and completed and data on the economic outcomes. The revised dashboard would be reported to the Board from September onwards to coincide with the first regular monitoring report to government. Work was underway with Hampshire County Council’s economic intelligence unit and other partners to develop baselines for the indicators.
- 8.8 The Board noted the work undertaken to develop the indicators and proposed approach to performance reporting. The Board was invited to feedback comments on the proposed indicators to Alex Piper.

Action to be taken	By Whom	When
Send email to invite Board members to feedback comments on the indicators to Alex Piper	Justine Davie	6 August 2015
Initial KPI report and the expanded LGF dashboard to be presented to the September Board meeting	Alex Piper	24 September 2015

9. Programme Management Group Role and Membership

- 9.1 Tom Hinchcliffe reported to the Board on the changes to the role of the PMG. Due to the change in responsibility for the prioritisation and allocation of funds for major transport schemes now resting with PMG, and the significant overlap with the membership of the Transport Action Group, the role of the Local Transport Body (LTB) had been reviewed. It was proposed that the LTB be dissolved and that Hampshire County Council’s Executive Member for Economy, Transport and Environment and Surrey County Council’s Cabinet Member for Highways, Transport and Flooding become members of PMG and the Chairman of the Enterprise M3 Transport Action Group be invited to sit on the PMG when transport issues were being considered. It was also proposed that one additional private sector Board Member be invited to sit on PMG and that the Deputy Leader of Surrey County Council take over responsibility to provide the link between PMG and the European Management Group, as capacity constraints had prevented the Chair of the EMG attending the PMG meetings.
- 9.2 The terms of reference had been amended in line with the changes proposed relating to membership and delegated authority which had been agreed at the July Board meeting, the changes included a cap of £3m on the approval of any cost increases.

9.3 The Board agreed the proposed PMG membership changes and the revised Terms of Reference, which were circulated, which would come into effect ahead of the September PMG meeting.

10. Transport Projects

- 10.1 Rachel Barker, Enterprise M3 Infrastructure Project Manager, reported to the Board on the cost increases relating to transport projects. Specific requests had been received for Basingstoke North Eastern Corridor to Growth and Whitehill and Bordon Relief Road. In addition emerging issues had been highlighted in relation to Runnymede Roundabout and A30/A331 Meadows Gyratory schemes with potential cost increases of £2m per project and with a delay of between 6 and 12 months. The detail on those schemes would be reported to a future Board meeting. The potential increases for the schemes were set out which could result in a total LGF increase of £8.7m. Decisions on individual schemes would need to be made once sufficient information was available.
- 10.2 The Group received details on the cost increases for Basingstoke North East Corridor to Growth. The overall costs on the scheme had increased from an estimated £8.2m to £14.1m. If the additional funding was provided the economic benefits could be delivered more quickly than previously proposed and would still offer high value for money and enable enhanced LEP spend during 2015/16. Revisions had been made to the scheme detail for the A339/A33 Ringway and A33 Popley Way but there was no increase in costs for this element.
- 10.3 Scheme enhancements and refinement were also proposed for the A33/Crockford roundabout; Binfields roundabout and Taylors Farm roundabout to facilitate scheme acceleration and bring forward spend to 15/16 where possible. An accelerated scheme would help minimise the duration of the main works contract and reduce the impact on motorists and wider economy.
- 10.4 Consideration of the wider economic disbenefits during delivery had provided a case for installing an Intelligent Transport System (ITS) to help minimise and manage disruption on the A33 and across the town and maximise use of available road space during the works. The cost of the ITS was £250k which could be procured and installed in 2015/16. The benefits would be felt by businesses immediately and the system could be added to as construction on other major scheme commenced. The ITS could be owned by the LEP and could be used on other schemes, although its benefits within Basingstoke as a whole were likely to be experienced well into the medium term.
- 10.5 The expected overall additional cost for the Basingstoke works was £5.92m. Hampshire County Council was able to fund £2.92m of the expected cost increase from developer contributions but a further £3m was being sought from the LGF, £1.1m in 2015/16 and £1.9m in 2016/17.
- 10.6 The PMG had discussed the projects and there was some concern regarding the cost increases and how they were being monitored. It was requested that key milestones for monitoring progress be included in future PMG reports. PMG also suggested that a checklist of things to consider was developed for future submissions, which could include optimism bias, nature of cost increases, value engineering, contributions and economic benefits.
- 10.7 The Board acknowledged that the work was part of a larger package and that Hampshire County Council had been proactive in addressing the issues and mitigated the expenses as far as possible. The Board were informed that both Surrey and Hampshire County Council's had been informed that cost increases would not be approved on all projects if

the case for the increases was not robust and the project was not strong. The Board agreed the additional expenditure from the LGF of £3m for the Basingstoke North to Corridor to Growth.

Action to be taken	By Whom	When
Continue to progress Basingstoke North East Corridor to Growth with additional expenditure of £3m	Tom Hinchcliffe/ Kevin Travers	August 2015

11. 2015/16 Growth Deal Projects for Approval

Whitehill and Bordon Relief Road

- 11.1 Rachel Barker, Enterprise M3 Infrastructure Project Manager reported on the Whitehill and Bordon Relief Road LGF project. Details on the Whitehill and Bordon redevelopment had been presented to the Board earlier in the meeting. The relief road was critical to unlocking and accelerating the town's development and would route from the north of Bordon, through the MoD Garrison area and reconnect with the A325 to the south of Whitehill (approx. 5 km long). The original outline business case requested £16m towards an overall cost of £23m. During the preparation of the full business case, cost escalations had been identified relating to construction industry inflation, scheme refinement, planning requirements and development of the military land bringing the overall cost to £29.8m with an LGF ask of £17.5m.
- 11.2 AECOM had carried out an independent assessment and the PMG, LTB and TAG had considered the results. The review concentrated on demonstrating the linkages of the schemes to economic growth, employment and housing delivery. Overall, AECOM concluded that the scheme put forward a very strong case on the wider economic benefits and justification for the scheme. It was recognised that whilst there were some transport benefits, the real strength of the scheme was unlocking development and the regeneration of Whitehill and Bordon provided significant economic benefits.
- 11.3 The revised financial case had been assessed and found to be robust and it was a strong scheme that would contribute to the Enterprise M3's wider economic objectives. It was felt that without the relief road the whole regeneration package for Whitehill and Bordon would be reduced and significantly delayed.
- 11.4 The Board discussed the project and in particular the cost increases. Tim Colman reported that it had been discussed by the Whitehill and Bordon Group and some of the cost increases had been due to unexpected utilities being discovered on the land. The Board agreed that the Defence Infrastructure Organisation (DIO), who owned the land, should be asked to meet the cost increase as a result of the unexpected utilities, or at least make a contribution.
- 11.5 The Group agreed that £17.5m of expenditure from LGF be approved for the Whitehill and Bordon Relief Road and A325 Integration works, subject to the DIO being approached to contribute towards some of the cost increase.

Farnborough International Hall 1/1A Permanent Venue

- 11.6 Chris Quintana, Enterprise M3 Enterprise and Innovation Project Manager, reported on the Farnborough International Limited (FIL) bid for Hall 1/1A Permanent Venue. The Strategic Economic Plan had identified a significant demand for permanent high quality, major international exhibition and conference facilities which was further evidenced by the interest among leading industry players following the recent Growing Enterprise Fund investment in FIL's Chalet Row A project. The bid formed the next stage of FIL's redevelopment plan to build permanent facilities to support the Farnborough International Airshow.

- 11.7 A consortium of four funding partners had come together to support FIL in their bid to build a 17,000 sqm permanent regional conference and exhibition centre. The total project costs was £29m with loans of £5m from LGF, £4.5m from Hampshire County Council, £4.5m from Rushmoor Borough Council and £12.7m from Barclays Bank. The LGF loan would be drawn down by FIL in 2018 and repaid between 2026 and 2028.
- 11.8 It was essential that the project started in September 2015 to ensure that construction could commence immediately following the Airshow in 2016 and then be completed for the Airshow in 2018. Full planning permission had been obtained and the detail of the scheme was being developed.
- 11.9 Due diligence had been undertaken by AECOM with expert advice and analysis provided to establish the robustness of the FIL funding model, review of the site and air show lease and State Aid compliance. There were still some issues to be addressed on the structure of the loan arrangements therefore the consortium had agreed in principle to fund the project subject to some conditions which were set out in the report.
- 11.10 The Board agreed that £5m of expenditure from LGF be approved as a loan for the Farnborough International Hall 1/1A Permanent Venue, subject to compliance with the conditions set out in the report.

Ball Hill SANGS

- 11.11 Rachel Barker, Enterprise M3 Infrastructure Project Manager, reported on the Ball Hill SANGS project. Rushmoor Borough Council had applied for a £1.7m loan from LGF to enable the purchase and development of land to be assigned as SANGS. The proposal was to purchase two adjoining areas of land adjacent to an existing area of SANGS to create one larger area. The vendor had agreed Head of Terms and it was expected that the sale would be completed in October 2015. The acquisition of the site would cost £1.3m with £400k for conversion of the site to SANGS. It was estimated that the site would unlock 500 new homes in Rushmoor.
- 11.12 Due to the similarity with the Surrey Heath pilot SANGS scheme, a lighter touch due diligence exercise was undertaken for Ball Hill SANGS. The review focussed on the estimate of homes unlocked, the costs to deliver the project and any other risks that Enterprise M3 need to be aware of in taking the project forward. AECOM had noted that the site acquisition was higher when compared to the cost of the Surrey Heath SANGS, it was noted that the £1.3m had been agreed through negotiation with the land owner and confirmed by external agents. The conversion costs were also thought to be high compared to the other site but it was noted that the Rushmoor site required car park works and security fence removal which were not required at the other site. The team was of the view that the project represented good value for money and demonstrated a strong fit with the Strategic Economic Plan. It was proposed that conditions would be included requiring legal and planning formalities being progressed in advance of funds being released and any underspend associated with the conversion works being immediately clawed back by Enterprise M3. The loan would be repaid over 5 years.
- 11.13 The only risks identified were the failure to complete the land purchase, failure to secure planning permission and the land not being approved by Natural England for use as SANGS. In response Rushmoor Borough Council had provided a letter from QinetiQ confirming they were in a position to negotiate a sale; an email from Hart District Council's Planning Policy Manager confirming they supported the principle of the use of land as SANGS; and, a letter from Natural England confirming that in principle they were supportive of the use of the site as SANGS.
- 11.14 The Board agreed that £1.7m of expenditure from LGF be approved for Ball Hill SANGS subject to legal and planning formalities being progressed in advance of the funding being

released and that Rushmoor Borough Council agree to any underspend associated with the conversion works being immediately clawed back by Enterprise M3.

Action to be taken	By Whom	When
DOI to be approached to make a contribution towards the Whitehill and Bordon Relief Road cost increases	Kevin Travers	August 2015
Progress the Whitehill and Bordon Relief Road project to contracting, subject to the action above	Kevin Travers	August 2015
Progress the Farnborough International Hall 1/1A Permanent Venue to contracting	Chris Quintana	August 2015
Progress the Ball Hill SANGS project to contracting	Rachel Barker	August 2015

12. Planning Best Practice

- 12.1 The Board received a copy of the planning and Development Best Practice Research which had been commissioned as a second stage of the Planning Charter work and aimed to 'map' best practice that was already taking place within the Enterprise M3 area and beyond. The Land and Property Group had reviewed the recommendations in the report and agreed an action plan to address the recommendations. The one area that would not be actioned was on consistent pre-application advice across the Enterprise M3 area, it was concluded that the work would require significant resources which were not currently available.
- 12.2 The Board approved the publication of the Enterprise M3 Planning Best Practice Study and agreed the recommendations that should be taken forward by the Enterprise M3 Land and Property Action Group.

Action to be taken	By Whom	When
Publish the Enterprise M3 Planning Best Practice Study	Rachel Barker	August 2015

13. Finance Report

Statement of Accounts

- 13.1 The Board received an update on the 2015/16 first quarter forecasted position on both the revenue and capital funds held by Enterprise M3. At the end of the first quarter it was anticipated that the revenue spend would very closely aligned to the budget agreed by the Board in March 2015. A reserve fund has also been built up of £161,153 from interest on funding from the start of 2012/13. The reserves were not ringfenced revenue and could be used to support the operational fund, it was anticipated that a further £98k of interest would be earned in 2015/16.
- 13.2 The Growing Enterprise Fund capital was forecast to receive repayments in 2015/16 of £3.5m which would enable a further round of GEF to be opened in late 2015. The Local Growth Fund capital had been reported on earlier in the meeting. The Board noted the current financial position.

SEEDA Legacy Funds

- 13.3 The Board was advised of a South East Seed Fund which had been established in 2007 as a ten year equity fund. There was potentially £8m of legacy fund available and following discussion with other LEPs and FSE it was proposed that the SESF legacy was preserved and that the new fund should focus on high growth companies. FSE had

received indications of widespread support for the proposal which addressed the concerns held by each of the LEPs in the South East to provide funding for accelerating growth for local businesses. The British Business Bank had been closely involved in monitoring the SESF and had indicated that letters of support from each LEP would be the next step in the process. Letters of support had been submitted to FSE by three LEPs and it was expected that the other former SEEDA region LEPs would also be supportive.

- 13.4 The Board agreed to a letter of support being sent to the British Business Bank from Enterprise M3.

Action to be taken	By Whom	When
Send a letter of support to the British Business Bank in relation to the SEEDA Legacy Fund	Kathy Slack	August 2015

14. Growing Enterprise Fund

- 14.1 The Board received and noted the Growing Enterprise Fund update paper.

15. Communications Paper

- 15.1 The Board received and noted the Communications paper which highlighted that preparations were now well underway for the 2015 Annual Conference. An event microsite had been created which would include all event information, including speakers and sponsors as they were confirmed

16. Directors Report

- 16.1 Kathy Slack advised the Board that Surrey County Council had confirmed they would continue to provide funding to Enterprise M3 which was currently used for 50% of Tom Hinchcliffe's salary. An advert would be going out shortly for a replacement for Tom's post and also for a post to support the action groups. Deborah Wyatt would cover some of the EU work in the short term. A secondment would also be sought to cover Rachel Barker's maternity leave. The Tech Partnership had provided funding for a digital skills position and there would be need for some support on the Enterprise Zones work from mid-September.

17. Forward Programme

- 17.1 The Board received and noted the Forward Programme.

18. Any Other Business

- 18.1 Geoff French advised the Board that Tom Hinchcliffe was leaving Enterprise M3 on 31 July to start work at DCLG. The Board thanked Tom for all his hard work during his time with Enterprise M3 and wished him well in his new role with DCLG.
- 18.2 Geoff French advised the Board that Rachel Barker would be going on maternity leave in January. The Board congratulated Rachel on her impending new arrival.
- 18.3 Tom Colman congratulated Geoff French, on behalf of the Board, on being awarded a well-deserved CBE in the Queen's Birthday Honours 2015.
- 18.4 The future Enterprise M3 Board meetings would be held on

- Thursday 24 September, 2015 – Marwell Wildlife, Winchester

- Thursday 26 November, 2015 – Shepperton Studios, Shepperton
- Thursday 28 January, 2016 – Longcross, Chertsey
- Thursday 31 March, 2016 – Basing View, Basingstoke