



Driving prosperity in the M3 corridor

Enterprise M3 Board

24 September 2015, 2.00 – 5.00pm

Long Room, Marwell Hall, Marwell Wildlife, Colden Common, Winchester, SO21 1JH

MINUTES

Board in Attendance

Geoff French - Chair
Dave Axam
David Barnes
Tim Colman
James Cretney
Andrew Lambert
Peter Martin
Louise Punter
Clive Sanders
Mike Short
Christine Slaymaker
Chris Tinker

Guests in Attendance

Amanda Brooks
Diarmid Swainson
Geoff Glover
Jeff Alexander
Rachel Barker
Sarah Carter
Alan Elder
Chris Quintana
Kathy Slack
Justine Davie

Apologies

Andy Barr
Ferris Cowper
Moirra Gibson
Zoe Gray
Keith Mans
Stephen Mansbridge
Malcolm Parry

1. Welcome from Marwell Wildlife

- 1.1 The Board Members were taken on a tour of Marwell Wildlife and James Cretney provided some details on the conservation programmes that Marwell were involved with in both the UK and Africa, and the ongoing work with endangered species. The Chair thanked Marwell Wildlife for the tour and for hosting the Board meeting.

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. Chris Quintana advised the Board that the Enterprise and Innovation Action Group would be developing a strategy which would include improving engagement on international trade and it would also link to the Enterprise and Innovation Key Performance Indicators. There would be an item on export and inward investment included on the November Board agenda and it was hoped that UKTI would be in attendance.
- 3.2 Kathy Slack advised the Board that negotiations were underway with the Defence Infrastructure Organisation (DIO) on the Whitehill and Bordon Relief Road to conclude the 'Road Agreement', the final contribution to be made by DIO would be part of that negotiation. The Project Appraisal had been approved to enable Hampshire County Council to enter into necessary contractual arrangements to implement advanced works and main works.

4. Declarations of Interest

- 4.1 In addition to all interests previously declared, the following interest was noted:
- Christine Slaymaker declared an interest in relation to the University Centre Farnborough project and left the room during the discussion and decision making.

5. Global Competitiveness through People Board

- 5.1 Geoff Glover, Chair of the Global Competitiveness through People Board (GCP) informed the Board on the work being addressed by the GCP. The Enterprise M3 Skills and Employment Strategy and Strategic Economic Plan highlighted achieving the following three priorities – work class skills, world class employability and world class collaboration. The GCP work included: addressing the supply of students with STEM qualifications, in particular apprenticeships and higher levels to meet business demand; driving through the implementation of the Skills and Employment Strategy to support the three priorities; and, championing new approaches to employers partnering with each other and with skills providers.
- 5.2 The GCP had been consulted on the six Local Growth Fund skills projects, and was involved in the development of the European Social Fund ‘employability’ and ‘world class skills’ programmes and the ‘skills for business’ element of the Enterprise M3 Growth Hub. A number of priorities had been discussed for the GCP to focus on going forward which included: reviewing the Skills and Employment Strategy following the release of the UK Commission for Employment and Skills survey; taking a leading role in the Post 16 review; playing an active role in shaping the skills and employment offer from the devolution deals; developing a pipeline of candidates for apprenticeship vacancies; and, generating strong employer engagement in skills development, careers information, advice and guidance.
- 5.3 The Board discussed the skills work and there was concern that there was a lot to be achieved in the work programme and it was suggested that the list should be simplified to fewer objectives. It was agreed that the work areas needed to be prioritised and sequenced as a number of the areas of work were interlinked. Board Members were asked to forward any additional comments to Sarah Carter, EM3 Skills Project Manager. The Chair thanked Geoff Glover on behalf of the Board for his work on the GCP.

Action to be taken	By Whom	When
Board Members to forward any comments on the GCP work to Sarah Carter	All	October 2015

6. Enterprise Zones

- 6.1 Chris Quintana, Enterprise and Innovation Project Manager reported to the Board on the Enterprise M3 proposal for a multi-site Enterprise Zone. The Government had invited applications for a further round of Enterprise Zones which linked directly with LEP’s top local growth priority and/or involved smaller towns, districts and rural areas. The Government had laid out a number of criteria that would be used to assess applications including the extent to which the proposal would deliver sustainable economic growth; value for money and achievable implementation.
- 6.2 Enterprise M3 had invited expressions of interest from local authorities in the LEP area and following consultation Runnymede Borough Council, Basingstoke and Deane Borough Council and East Hampshire District Council agreed to be involved in the development of a proposal. The proposal established a multi-site Enterprise Zone that linked together three key centres in rural and small town locations within Basingstoke, Chertsey and Whitehill and Bordon. Within the key centres three major regeneration sites were identified - Longcross Park at Chertsey, Basing View in Basingstoke and Whitehill and Bordon’s Louisburg Barracks. The three sites had been selected to capitalise on innovation and local assets to enable regeneration and high value job creation. Due to the timing for the submission of the proposal it had been discussed with the PMG Board Members and the Enterprise and Innovation Action Group, both of which gave full support, before it was submitted on 18 September.
- 6.3 The Board was advised that the fund was heavily over-subscribed and the Government would notify LEPs after the Comprehensive Spending Review if they had been successful in achieving Enterprise Zone status. Diarmid Swainson advised the Board that if Enterprise M3 was

unsuccessful in this round there was likely to be opportunities to bid for Enterprise Zone status in the future. The Board agreed to the ongoing development of the Enterprise Zone proposal by the Enterprise M3 team.

Action to be taken	By Whom	When
Continue the development of the Enterprise Zone proposal	Chris Quintana	October 2015

7. Devolution

- 7.1 Jeff Alexander reported on the potential consequences for Enterprise M3 arising from the Hampshire and Isle of Wight (HIOW – covering Hampshire County Council, Isle of Wight, Portsmouth, Southampton and all district authorities) and Three Southern Counties (3SC – covering Surrey County Council, West Sussex and East Sussex but excluding Brighton and Hove) devolution proposals. The broad aims of both sets of proposals were similar emphasising the goal of increasing productivity. Enterprise M3 had been closely involved in the preparation of the HIOW devolution prospectus and led on the Innovation and Business Support theme. There had been far less involvement by Enterprise M3 in the 3SC proposal although both proposals reflected the strategic priorities set out in our Strategic Economic Plan. Ministers were currently reviewing the 37 devolution proposals and a full formal response was expected at the time of the Autumn Statement in November.
- 7.2 There were a number of issues for Enterprise M3 stemming from the role of the potential combined authorities and that the LEP would fall within two devolution areas. Both devolution documents emphasised a commitment to working with neighbouring areas. It was expected that the devolution process would move at different speeds in the two areas, however, given the commitment of the two proposed devolved authorities and the LEPs to work together it was not thought that this would be insurmountable.
- 7.3 The Board discussed the devolution implications set out in the paper and raised some other issues to be considered. It was suggested that more needed to be included on export and inward investment, other infrastructure, emergency services and relationships with London. It was also proposed that cross-border working should be carried out on transport issues. The Board was advised that Enterprise M3, Coast to Capital, Solent and Thames Valley Berkshire LEPs had already met to discuss commissioning a cross-border transport study. It was recognised that there would be further opportunities for devolution deals in the future and dialogue should be maintained with Government. Work would continue on the devolution proposals and would be discussed again at the November Board meeting, the day after the formal response was expected from Government.

Action to be taken	By Whom	When
Continue to support the progress of the HIOW and 3SC devolution proposals	Jeff Alexander/ Kathy Slack	October 2015

8. Leaders Board Update

- 8.1 Clive Sanders reported on the Joint Leaders Board meeting held on 10 September 2015. The Leaders Board agreed it had been extremely useful bringing Surrey and Hampshire County Council's together to look at what could be achieved and what was required to put plans into action. Local authorities had been working hard putting together the devolution proposals and had used the EM3 Strategic Economic Plan to help inform the work. Geoff French agreed that it was also useful for Enterprise M3 to be able to meet with the Leaders and Chief Executive's in one place rather than individually.
- 8.2 Kate Dean, former Enterprise M3 Board Member, had made a presentation to the Leaders Board on the property market and highlighted to local authorities what needed to be done on place making to attract Grade A restaurants and theatres and make towns a destination of choice.

9. Local Growth Fund

Programme Update

- 9.1 The Board was advised that eleven contracts had now been signed with a further five due to be signed in September. Eight of the sustainable transport projects had been signed with a further two due to be signed in September. The funding dashboard showed that £9.67m of payments had been made by the end of quarter 2 which equated to 27% of the allocated funding.
- 9.2 The current forecast showed £34.94 LGF funding being allocated to projects in 2015/16. It was recognised that this figure could still change as business cases were developed, therefore options for projects that could accelerate and spend in 2015/16 were being explored. In addition, it was proposed that Juniversity, one of the reserve Growth Deal 2 projects, be progressed to due diligence to enable it to be ready to bring into the programme for 2015/16 at short notice in the event of any slippage in the current programme. The Juniversity project was a partnership between the University of Winchester, Castle Hill Junior School in Basingstoke and the local business community to support and raise aspirations in young people and widen participation in higher education, particularly raising the profile of STEM careers.
- 9.3 Work was being carried out to investigate options for cost recovery, in particular on due diligence, and on future income generation to make Enterprise M3 financially self-sufficient. Some options had been presented to the Executive Steering Group and it was recommended that the option of an application fee and the capitalisation of due diligence costs should be explored further. Discussions were taking place with the Accountable Body on the capitalisation of due diligence costs and evidence was being gathered from other LEPs. The potential to generate income through Growth Deal investments was also being explored. The options had been considered by the PMG which gave full support for the options being explored. A further report would be presented to the November Board meeting.
- 9.4 The Board noted the current position on signing contracts and spend on the 2015/16 projects and supported the work on cost recovery and income generation. The Board also agreed that the Juniversity project be progressed to due diligence. A query was raised regarding the match funding provision for the Innovation and Enterprise Centre shown on the dashboard.

Action to be taken	By Whom	When
Progress the Juniversity project to due diligence	Sarah Carter	October 2015
Prepare a report on cost recovery and income generation for the November Board meeting	Alex Piper/ Alan Elder	26 November 2015
Check/amend the overall funding for the Innovation and Enterprise Centre shown on the funding distribution dashboard	Justine Davie	October 2015

Local Growth Deal 3 Prospectus

- 9.5 Jeff Alexander presented the work that had been progressed to date on a prospectus, in anticipation of further Growth Deal funding allocations from Government. The prospectus would be published to invite proposals on how Enterprise M3's allocation could best be used to meet the priorities set out in the Strategic Economic Plan and to build on the LGF and other Enterprise M3 investments to date. There were a number of uncertainties relating to future Growth Deal funding although it was known that £5.7bn had been allocated from the £12bn committed from Government for 2015/16 to 2020/21. It was not known what period the funding would cover although it was expected it would start from 2018/19.
- 9.6 The Board was asked to consider whether the prospectus should maintain the themes and geographical focus as in previous rounds and also whether to include the potential to make more loans. The Board discussed the paper and it was suggested that an additional theme of 'infrastructure' should be included to cover digital and energy. It was also suggested that the criteria should include a requirement for match-funding and it was agreed that the opportunity for loans should be included.

- 9.7 BIS supported the work being carried out as it was key that Enterprise M3 was ready for when any funding announcements were made. The Board was advised by BIS that the inclusion of loans was a good idea as they were keen to see more loans, they also noted that no proposals for Catapults had been agreed in growth deals or devolution deals. Further work would be carried out to draw up the prospectus and would be reported back to the November Board meeting.

Action to be taken	By Whom	When
Continue to progress the prospectus for the next round of LGF and bring a draft prospectus for approval to the November Board meeting	Jeff Alexander	26 November 2015

10. Key Performance Indicators

- 10.1 Alan Elder informed the Board on the work that had been carried out to develop some base line key performance indicators (KPI's) to report performance to the Board. The headline KPI's were identified to measure progress towards achieving the three overall economic ambitions in the Strategic Economic Plan. The indicators were: an overall indication of economic activity; increased Gross Value Added per head; increased employment rate; and, increased numbers of business births. Work was being carried out with Hampshire County Council economic intelligence unit and other partners to develop further baseline figures for the indicators.
- 10.2 The Board noted the headline KPI's that had been collated. Clarification on the source of the information was requested with some additional narrative on some of the figures, particularly in relation to the number of new businesses born in the Enterprise M3 area in 2012 and the survival rate percentage. An update report would be brought to the Board on a regular basis which would be supplemented with details of the number of projects where delivery had started and been completed.

Action to be taken	By Whom	When
Clarify the sources of the KPI information and provide additional narrative to explain the figures	Alex Piper	October 2015

11. 2015/16 Growth Deal Projects for Approval

University Centre in Farnborough

- 11.1 Sarah Carter, Enterprise M3 Skills Project Manager reported on the University Centre Farnborough project. Farnborough College of Technology had applied for £2.67m of LGF to construct a 2,340m² University Centre which would be matched with £5.233m of capital funding from the college's cash reserves. The project was phase one in a larger strategic project totalling £15m. The Centre would house a state of the art university standards library, first class seminar and meeting rooms and university style social study areas. The proposal also included an Enterprise Centre aimed at providing support for young, highly skilled enterprising individuals, especially those qualifying in STEM subjects. The project would build on the college's strong business engagement programme and would link to other skills centres to develop a network.
- 11.2 The project had been assessed by the Enterprise M3 skills lead who concluded that the project had a very strong strategic fit with the Strategic Economic Plan priorities and the Skills and Employment Strategy. The project would deliver higher level vocational skills in the STEM subjects supporting local businesses in Farnborough. The total increase in number of apprenticeships proposed as outputs for the project provided the greatest value for money from all the skills projects. The project also provided a 2:1 direct cash match. The Skills Funding Agency had not been able to provide feedback therefore funding was recommended subject to the SFA's assessment not identifying any significant issues in relation to value for money.

11.3 The PMG had considered the project and agreed that it demonstrated a clear fit with the Strategic Economic Plan and looked like a strong project. The Board agreed that £2.6m of expenditure from LGF be approved for the University Centre Farnborough subject to no significant issues arising from the SFA's assessment.

Innovation and Enterprise Centre (Animal Health)

11.4 Chris Quintana, Enterprise M3 Enterprise and Innovation Project Manager reported on the Animal Health Partnership project. The objective of the project was to create an internationally recognised 'cluster of excellence' in the animal health sector. The cluster would drive local innovation and job creation across the Enterprise M3 area as well as provide international benefits including accelerated drug/vaccine/detection for animal health related challenges and enable the Enterprise M3 area to develop its international presence in the One Health initiative.

11.5 The application was from the Pirbright Institute for £1.2m to create an Animal Health Partnership which would include a Research Hotel at Pirbright and to kick start a Digital Innovation Centre for Animal Health at the University of Surrey. The Research Hotel would require £1m for remodelling of Blocks A and B at the Pirbright Institute which would deliver meeting rooms, research laboratories and additional facilities for visitors from other industries and private sector businesses. The provision of the Digital Innovation Centre would require £200k to adapt an area within the new £45m veterinary school building which would include meeting rooms with enhanced IT equipment for data capture. The LGF support was essential to unlock the additional funding that would be sought from other partners in the private sector and through additional grant requests. The overall estimated costs to remodel/refurbish existing facilities, cover ground rent and operating costs over a five year period was £5.315m.

11.6 AECOM had reviewed the robustness of the scheme and highlighted some issues to be clarified which included further details on the capital costs, confirmation of the lease agreed at the Pirbright Institute, further engagement with other parties and assurance that major risks were being addressed. Pirbright had confirmed that a Business Development Director had been appointed and would be addressing the major risks through active mitigation measures.

11.7 The PMG had discussed the project and recognised the enormous value in the project and the opportunities for business. However queries were raised relating to linking to other organisations to gather data, measuring business engagement, the low capital match and terms of tenure of the new lease. In response it had been agreed that business engagement would be included in the funding agreement to enable the evaluation and monitoring of project outcomes. The Biotechnology and Biological Sciences Research Council owned the building but leased it to the Pirbright Institute, which was a charity, at a peppercorn rent. It was confirmed that the lease agreed for Pirbright would be able to support the works and rent the space for the proposed five year period.

11.8 The Board agreed that £1.2m of expenditure from LGF be approved for the Innovation and Enterprise Centre (Animal Health) project.

Action to be taken	By Whom	When
Progress the University Centre Farnborough project to contracting, subject to no significant issues arising from the SFA's assessment	Sarah Carter	October 2015
Progress the Innovation and Enterprise Centre (Animal Health) to contracting	Chris Quintana	October 2015

12. Finance Report

12.1 The Board received a report on the current financial position on the Enterprise M3 revenue and capital funds. In addition to income already received for 2015/16 an additional £50k of income was forecast from the higher education sector as five universities had agreed a contribution of

£10k each per year. Adverts had gone out for a Policy Manager and Project Support Officer posts and Surrey County Council had committed to continue to cover the full 2015/16 salary cost for the Policy Manager which would be reflected in the income forecast once confirmed in writing. Some operational fund staffing costs had been offset against the GEF revenue fund which had reduced the operational fund staffing forecast by £81.7k. There had been some further adjustments to the forecast budgets relating to expenditure on due diligence, research and accountable body costs. The overall forecast for 2015/16 for the operational fund and GEF revenue fund was stable with no areas for concern at the current time.

12.2 The LGF capital and GEF capital fund expenditure was set out. GEF repayments of £2.9m were forecast for 2015/16 which would enable a further round of GEF to be opened in late 2015. The Board was advised that there had been a disappointing response to the adverts for the two posts therefore the deadline had been extended and the salary offered may need to be increased. The Board noted the current financial position.

13. Growing Enterprise Fund

13.1 The Board received and noted the table summarising the progress of the projects allocated funding from the Growing Enterprise Fund. The GEF had received a number of repayments and having reviewed the cash flow forecast it was recommended that the fund was reopened in October 2015 with £2m available to allocate. There was a requirement to hold back some funds as it was being used to 'underwrite' LGF projects commencing in 2016/17 onwards.

13.2 The PMG had discussed the launch of a new round of funding and recommended that projects were assessed on the impact they had on the Enterprise M3 area and the ability to deliver and repay. Chris Quintana would liaise with Growth Hub Champions about the new round of funding.

13.3 The Board agreed to re-open a new round of Growing Enterprise Fund in October 2015 with £2m to be allocated to new projects.

Action to be taken	By Whom	When
Re-opening a new round of GEF in October 15 with £2m available for allocation	Rachel Barker	October 2015
Promote the GEF to small businesses via the Growth Hub Champions	Chris Quintana	October 2015

14. Communications Paper

14.1 The Board received and noted the Communications paper. It was highlighted that the annual conference was fully subscribed and the targets for sponsorship had been met. A study had been commissioned to look at the scale of the digital sector in the Enterprise M3 area and the opportunities presented by technology, Grant Thornton had agreed to sponsor the study with £5,000. The study was being delivered by Regeneris and the findings would be launched at the annual conference. Maps had been prepared showing the GEF and LGF projects and other achievements and projects across the Enterprise M3 area. Any requests for electronic copies of the maps should be sent to sarah.carter@enterprisem3.org.uk.

Action to be taken	By Whom	When
Email requests for electronic copies of the achievement and project maps to Sarah Carter	All	October 2015

15. EU Programme Update

15.1 The Board received and noted the EU Programme update paper

16. Directors Report

16.1 The Board received and noted the Directors Report.

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 there were currently two private sector vacancies on the Board which would be advertised through October. Board Members were requested to highlight the vacancies to any suitable candidates.

Action to be taken	By Whom	When
Highlight the private sector Board vacancies to suitable candidates	All	October 2015

18.2 The future Enterprise M3 Board meetings would be held on

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