![enterprise M3 logo]

Driving prosperity in the M3 corridor

Enterprise M3 Board Meeting

25 May 2017

Enterprise M3 Enterprise Zone
Programme Steering Group Formalisation – Item 8

Enterprise M3 Board is asked to:

NOTE the recommendation from the Programme Management Group to enter into an agreement with Hampshire County Council relating to the funding of programme management costs for the EZ.

AGREE to the proposed agreement with Hampshire County Council for them to provide upfront revenue funds to resource the EZ programme management, and be given priority reimbursement from the retention of the business rate income growth.

AGREE the Terms of Reference for the formalised Enterprise Zone Programme Steering Group.

AGREE that Nick Elphick chairs the EZ³ Programme Steering Group and attends the Enterprise M3 Programme Management Group when Enterprise Zone projects are being considered.

1. **Progress Update**

1.1.   The Enterprise M3 Enterprise Zone, *'EZ³ – the London & South Innovation Valley,'* will see an investment of £41 million over five years to kick-start development within the three areas of the Enterprise Zone, driving business growth and productivity. This investment will attract economic benefit and see a return in additional business rates income growth of roughly £115.8 million over 25 years. The business rate income will be retained and reinvested locally to continue to accelerate development.

1.2.   An Implementation Plan for the Enterprise Zone was submitted to Government on 31 March 2017. This sets out a package of interventions that have been identified as priorities to get the Enterprise Zone sites up and running and occupiers onsite. Work is currently underway to prepare business cases for the first round of these interventions to be considered via the governance arrangements that have been put in place to oversee the management of the programme, processes and investment requirements and decisions of the Enterprise Zone. The EZ Programme Steering Group, Enterprise M3 Programme Management Group and Enterprise M3 Board will be supported by Local Delivery Teams from the three component parts of the Enterprise Zone.

1.3.   Preparations are also underway for marketing of the Enterprise Zone including a launch event aimed at local stakeholders and MPs, on 16 June, and a potential further event aimed at a wider national audience at MIPIMUK in October.

1.4.   The Enterprise Zone went "live" on 1 April 2017. Up until now an interim EZ³ PSG has overseen the development stage of the EZ. **The Board are asked to agree the updated Terms of Reference of the EZ Programme Steering Group and to agree that Nick Elphick will chair the EZ³ PSG on behalf of Enterprise M3.**

1.5. The Enterprise M3 Board will take the final decisions on the funding of projects and will consider the financial plans including the generation of business rates growth and the use of these funds to support projects as well as how these funds are "allocated" between partners. The Enterprise M3 PMG will consider projects prior to board meetings and will advise the board on projects. The Enterprise M3 PSG will also oversee the project plan, monitor progress against financial plans and consider risk and mitigation through the EZ³ risk register. Nick Elphick will join the Enterprise M3 PMG when EZ projects are being considered. **The Board are asked to agree to this change of membership in PMG.**

2.   Proposed Resourcing Agreement

2.1. A forward programme of when projects will be taken to PMG and board is being developed and it is expected that the first project will come to the board in July 2017. The resourcing of the EZ team also needs to be agreed by the board as we plan to offset costs against future business rates.

2.2. To date, the Enterprise Zone Programme has been supported by a small management team to deliver the Implementation Plan. EZ partners are agreed that a strengthened management team is required to support the programme to deliver the investment projects and on going resource costs were set out within our Implementation Plan.

2.3. To date local partners have jointly funded the resource costs with the director and administration posts managed by Enterprise M3. The EZ Programme Steering Group discussed future resource costs at their last meeting on 3 May 2017, concluding that a director (part time), programme and project support and administration is needed plus support for marketing of the zone. It is proposed that £250,000 revenue funding be set aside for the next two years to cover revenue costs. We are unable to borrow against forecast business rates growth for revenue. Hampshire County Council, as the Accountable Body, have proposed that they could provide the required revenue funding with an agreement in place that they receive reimbursement as a priority when business rates income is generated.

2.4. The EZ³ PSG has also identified that we will require expert resource to help local partners develop options and support business case involvement. Our expectation is that we will be able to capitalize these costs and include these in funding bids.

2.5. At their last meeting on 11 May 2017, the Enterprise M3 Programme Management Group agreed to recommend to the Board that Enterprise M3 enters into the proposed agreement with Hampshire County Council to cover the upfront costs. We are assessing the costs we will require over the first two years and expect this to be no more than £250,000.

3.   Formalised Programme Steering Group Terms of Reference

3.1. An updated set of Terms of Reference for the formalised Programme Steering Group is attached at Annex A. The Board is asked to consider and agree these Terms of Reference.

Mark Pearson/Lucy Crabtree

16 May 2017

Annex A – Draft Terms of Reference for formalised EZ Programme Steering Group

1.   Background

1.1.   Under the terms of the Enterprise M3 multi-site Enterprise Zone proposal accepted by Government in November 2015, the MOU signed with Government in October 2016, and the Enterprise Zone Implementation Plan submitted to Government in March 2017, the Local Enterprise Partnership has agreed to organise and promote a governance group for the Enterprise Zone which is able to make strategic and operational decisions. This shall include representatives of each relevant local authority and representative land owners.

1.2.   All decisions made by this interim group will be subject to local authority approval where appropriate.

1.3.   The LEP Board will be responsible for establishing targets and priorities and monitoring progress towards those targets. It will take decisions on the usage of Enterprise Zone funding streams and approve borrowing against projected business rates growth.

1.4.   The LEP Board will be responsible for the overall strategic direction of Enterprise Zone developments but will establish a formalised Enterprise M3 Enterprise Zone Programme Steering Group which will act as a senior level forum to drive forward economic growth opportunities within the Enterprise Zone (EZ);

1.5.   This paper proposes the terms of reference for the EZ Programme Steering Group (PSG) in line with the submissions made and accepted by government.

2.   Role of the EZ Programme Steering Group

2.1.   Oversee and guide the effective implementation of the Enterprise Zone Implementation Plan as well as the allocation of funding generated by the uplift in business rates receipts through EZ business rates retention scheme;

2.2.   Advise on the strategic direction and implementation of the programme against the agreed Implementation Plan, including investment strategies, policies, communications and processes across all areas impacted by the programme;

2.3.   Represent the interests of all stakeholders in the project and help to facilitate and enable collaboration between the local authorities, landowners and developers on economic development, strategic planning and growth of the Enterprise Zone;

2.4.   Support the EZ Programme Director through effective communications with all impacted stakeholders and providing unified and consistent direction for the programme;

2.5.   Receive and review progress reports from the Programme Director and provide input and insight to project documents and plans;

2.6.   Provide input and make reports to relevant Boards;

2.7.   Review funding proposals and provide recommendations around this to the Enterprise M3 Programme Management Group and Board for approval, including on the relative priority of proposals;

2.8.   Review due diligence and other assessments of EZ projects, based on advice from the Programme Director and Local Delivery Teams, and provide a recommendation to the Enterprise M3 Programme Management Group and Board for projects to proceed to contracting phase;

2.9.   Make recommendations to the Enterprise M3 Programme Management Group and Board around the distribution of funds to EZ projects, taking account of significant risks and issues, as well as opportunities for more effective use of funds;

2.10. Play a role in overseeing the impact evaluation of the EZ programme, and consider which new schemes should be recognised as of particular strategic importance;

2.11. Assess scheme cost increases, taking decisions on cost increases of no more than 20% or £3m of a scheme's total EZ budget, and to make recommendations to the Programme Management Group and Board around any increases greater than this or where the increase exceeds £3m;

2.12. Ensure the EZ Fund is effectively aligned with other sources of funding, including LGF funds, and are used to derive effective value for public funds;

2.13. Monitor the key outputs of the programme against government specified management information requirements;

2.14. Review and make recommendations to the Enterprise M3 Programme Management Group and Board on the relative priority of Enterprise Zone investment plans and borrowing requirements;

2.15. Resolve, mitigate or escalate high level risks and conflicts that cannot be addressed by the local delivery groups;

2.16. Work closely with the LEP Action Groups to ensure the delivery of LEP priorities;

2.17. Ensure all decisions relating to spending and funding is subject to existing HCC internal approval processes, as accountable body to the LEP.

3.   Group Membership

3.1. The EZ³ PSG will be chaired by a private sector member of the Enterprise M3 Board. Members are encouraged to attend each meeting. If members cannot attend they will be encouraged to submit their views in writing. If a member does not attend for three meetings in a row, the chair will be encouraged to review continued membership of that person. Named substitutions will be accepted on occasion by the group;

3.2. The Chair and membership of the group will be appointed for a period of up to 3 years, subject to formal review after 2 years;

3.3. Any member who has declared an interest in an item will be required to step out of the meeting while a final decision is taken on a recommendation to Enterprise M3 Programme Management Group or Board in relation to that item. The exception to this is if the board determines that the nature of that interest does not give rise to a substantive potential conflict of interest (any direct financial interest in the decision before the board would be deemed to give rise to a substantive potential conflict of interest).;

3.4. The quorum for meetings should be at least comprised of 50% of the members, and in any case should comprise as a minimum a representative of each EZ site and the LEP;

3.5. The Group will meet on a monthly cycle or at such other intervals as the Group may agree. The Chair of the Group may decide to cancel meetings or call additional meetings as required;

3.6. Papers will be circulated five working days before the meeting, earlier when a key decision needs to be taken at an organisation's respective Board. Minutes will be approved by the chair and circulated to group members. General administrative duties will be undertaken by the Enterprise M3 executive team;

3.7. Each LA or landowner will decide who should represent them on the EZ³ PSG. The ideal principle for membership of the Programme Steering Group is that different individuals should sit on the Group to those who develop project proposals for consideration.

3.8. The Chief Finance Officers of each of the 5 local authorities represented on the Programme Steering Group are key stakeholders who will be engaged throughout the

process. The Head of Finance from the Accountable Body will be responsible for liaising with this group and convening them for discussion as and when their expertise is required to inform the work of the EZ³ Programme Steering Group.

3.9. Elected Members must be kept informed of progress on the Enterprise Zone programme, and there are various mechanisms in place to enable this:

- Through representation of elected members on the Enterprise M3 Programme Management Group and Board, which will take decisions on the usage of Enterprise Zone funding streams and approve borrowing against future business rates income;

- Through regular updates to the Joint Leaders Board, which represents all Leaders in Enterprise M3 and nominates members to serve on the Enterprise M3 Programme Management Group and Board;

- Through regular dialogue and reporting from local authority representatives on the Programme Steering Group to their own elected members as and when required.

3.10 The proposed membership of the formalised Programme Steering Group is as follows:

Name	Organisation	Role
Nick Elphick	Moncel Consulting	Enterprise M3 private sector Board Member, Chair of the EZ³ PSG
Kathy Slack	Enterprise M3	Director, Enterprise M3 and Senior Responsible Owner
Rob Carr	Hampshire County Council	Head of Finance, Accountable Body
TBC	Basingstoke & Deane Borough Council	TBC
Julia Potter	East Hampshire District Council	Head of Development
TBC	Runnymede Borough Council	TBC
Kelly Hillman	Homes & Communities Agency	Senior Area Lead
Tim Jones	Crest Nicholson	Development Director
David Fletcher	Hampshire County Council	Assistant Director Economic Development
Kevin Lloyd	Surrey County Council	Head of Economic Growth
Toni Wootton	Cities & Local Growth Team	Area Lead: Enterprise M3
Mark Pearson	Enterprise M3	Interim Enterprise Zone Programme Director