



Driving prosperity in the M3 corridor

Enterprise M3 Board
28 January 2015, 2.00 – 5.00pm
Conference Room, The Camberley Theatre, Knoll Road, Camberley, Surrey, GU15 3SY

MINUTES

Attending

Geoff French - Chair
Dave Axam
David Barnes
Andy Barr
Tim Colman
James Cretney
Kate Dean
Moirra Gibson
Zoe Gray
Andrew Lambert
Keith Mans
Peter Martin
Malcolm Parry
Louise Punter
Clive Sanders
Mike Short
Christine Slaymaker

Karen Whelan
Kathy Slack
Jeff Alexander
Rachel Barker
Sarah Carter
Tom Hinchcliffe
Alex Williams
Deborah Wyatt
Justine Davie

Apologies

Ferris Cowper
Stephen Mansbridge
Chris Tinker

Amanda Brooks
Rowena Robson

1. Welcome and Introductions

1.1 Geoff French welcomed everyone to the meeting.

2. Welcome from Surrey Heath Borough Council

2.1 Karen Whelan, Chief Executive, Surrey Heath Borough Council welcomed the Board and provided an introduction to the Master Plan for Camberley. Camberley was identified in the Enterprise M3 Strategic Economic Plan as a step-up town. Surrey Heath Borough Council had submitted bids to the Local Growth Fund for projects to improve Camberley to make it a destination of choice and so it could compete regionally for custom. The vision for Camberley was a 15-year plan and Surrey Heath Borough Council would continue to work in partnership with Enterprise M3 to help achieve its vision.

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

Peter Martin declared an interest in Brockenhurst College in relation to IBM's contribution to the projects but due to the nature of the interest remained in the room during the discussion on this project.

Christine Slaymaker declared an interest in the University Centre Farnborough but due to the nature of the discussion remained in the room during discussion on the Growth Deal.

5. Growth Deal

- 5.1 The Board received an update on the Growth Deal following discussions held at the Programme Management Group (PMG) on 22 January. The final list of projects to be submitted to Government for the second round of Growth Deal funding had been previously circulated to the Board for comment. The list submitted totalled £48.2m and it was expected that around £29m further Local Growth Fund (LGF) money would be made available. The top 11 projects in the list would be able to be funded if the expected amount was received.
- 5.2 The Board was informed that one LGF project had applied to receive the funding required through the Public Works Loan Board. This would release some of the LGF allocated for 2015/16, which would enable some projects to be accelerated and other projects from the list could then be funded. The announcement on the amount of funding allocated was expected on 29 January 2015.
- 5.3 The PMG had discussed the project list and the extended pipeline. The PMG recommended that the Board approved the approach taken and the list of projects put forward. The need for the development of a strong pipeline of projects was also highlighted. The Board agreed the list of projects submitted and the need to develop a strong pipeline of projects.
- 5.4 The Board was advised that work on the Growth Deal 1 projects was proceeding as planned. It was expected that Sustainable Alternative Natural Green Space pilot (Surrey Heath) - £1.5m LGF, Whitehill and Bordon Future Skills Centre - £4m LGF, and any further Growing Enterprise Fund (GEF) proposals, would be considered by the PMG at its meeting on 26 February.
- 5.5 The Board was asked to agree delegated authority for a sub-group of Board members to formally consider the projects after the PMG meeting and approve the release of funding. The Board expressed concern regarding a sub-group approving projects and felt that all of the Board should be involved and kept informed. It was agreed that the LGF and GEF papers considered by PMG would be circulated to the Board for comment before any funding was released or due diligence undertaken.

Action to be taken	By Whom	When
Circulate the LGF and GEF papers considered by PMG to the Board for final approval on the release of funding	Tom Hinchcliffe/ Rachel Barker	27 February 2015

6. 2015/16 Growth Deal Projects

- 6.1 The Board received details on the three skills capital projects which had undergone due diligence and were in a position to proceed to contracting. The projects had been considered by the PMG at its meeting on 22 January and the PMG recommended that expenditure be approved to enable the projects to progress to contracting.

Andover Skills and Technology Centre

- 6.2 The project aim was to construct a 2000m² Skills and Technology Centre, to include purpose built areas for engineering, electrical engineering, motor vehicle engineering, construction and wood trades. The project provided new facilities in the sectors where the local economy had skills gaps and supported Andover as a step-up town. The total cost of the project was £6.45m with a request for £2.64m LGF funding.

6.3 The assessment of the project requested further evidence in relation to the investment by the local authority and private sector support. Evidence had been provided by the applicant in both these cases to ensure the project was a success.

6.4 The Board agreed that £2.64m of expenditure from the LGF be approved for the Andover Skills and Technology Centre, and that the project should proceed to contracting.

Brockenhurst College STEM Advancement

6.5 The project was an extensive programme of new-build and refurbishment to improve and extend facilities for Science, Technology, Engineering and Maths (STEM). The innovation learning STEM centre would include high specification laboratories for physics, chemistry and biology; interactive science and maths teaching rooms, workshops and IT suites; and, a new learning technology developed by IBM. The total project cost was £5.61m with a request for £3.7m LGF funding.

6.6 The private sector investment from IBM was an integral part of the project providing match funding and in-kind contributions.

6.7 The Board agreed that £3.7m of expenditure from the LGF be approved for the Brockenhurst College STEM Advancement Project, and that it proceed to contracting.

Brooklands College ‘The Advantage Project’, Ashford

6.8 The project would create a total of 2,340m² of new college facilities in Ashford. The build would be on the current high street frontage of the existing site and on the site of nearby Thomas Knyvett College. The project would release five acres of brownfield land for residential development within the town centre of Ashford and would develop skills needed locally and across the Sci:Tech Corridor. The total project cost was £9.6m with a request for £3.2m LGF funding.

6.9 The project had strong links to the LEP’s priority skills sectors addressing the gap in digital/ICT and higher level apprenticeships. There was also the added benefit of releasing land for housing development which would impact positively on the step-up town of Staines-upon-Thames.

6.10 The Board agreed that £3.2m of expenditure from the LGF be approved for the Brooklands College ‘The Advantage Project’, and that it proceed to contracting, subject to confirmation of an unconditional offer received for the Ashford site.

Whitehill & Bordon Future Skills Centre

6.11 The Board was advised on the position with the Whitehill & Bordon Future Skills Centre which would be a ‘flagship’ development on the Louisburg Barracks site.

6.12 Hampshire County Council and the Homes and Communities Agency were currently concluding the terms of the land transfer. A meeting was being arranged to resolve the issues which it was anticipated would be concluded shortly to enable the project to be brought to the PMG meeting on 26 February.

Action to be taken	By Whom	When
Progress the Andover and Skills Technology Project and Brockenhurst College STEM Advancement Project to contracting.	Sarah Carter	January 2015
Progress the Brooklands College the Advantage Project to contracting, subject to an unconditional offer received for the Ashford site	Sarah Carter	January 2015

7. EU Funding

- 7.1 Zoe Gray, Chair European Management Group (EMG) advised the Board that the Enterprise M3 LEP had been awarded £43m European Structural Investment Funding (ESIF). Enterprise M3 was working with the Managing Authorities for this funding, and was hoping to launch the first calls for proposals in March 2015. This first call was likely to total £7.9m of EU funding, and specifications were being developed based on the ESIF Strategy, and these were due to be considered by the EMG on 12 February. There had been a number of changes to the timetable and feedback from Government departments was ongoing, therefore all timescales were still subject to change.
- 7.2 It was expected that there would be four specifications for the initial £4.25m European Social Fund (ESF) call in March, which would encompass the following: employer led basic skills for the longer term unemployed; skills support for unemployed and those at risk of redundancy; activity to promote social enterprise and social inclusion among the unemployed; and, employer-led vocational pathways upskilling the current workforce towards higher level skills. Board members were advised that future calls would have a greater emphasis on those within employment and on higher level skills, including STEM skills, and that the team were working with the Skills Funding Agency in particular to develop these propositions.
- 7.3 It was expected that there would be five specifications for the initial £3.65m European Regional Development Fund (ERDF) call in March, including: identification of future investment priorities through the development of a smart specialisation strategy, support for high growth potential businesses through innovation vouchers, brokerage and advise services related to access to finances for SMEs, and two projects taking the digital agenda forward, including a digital technologies innovation network pilot, and the promotion of digital growth for SMEs.
- 7.4 The Board was advised that DEFRA, the Managing Authority for the European Agricultural Fund for Rural Development (EAFRD), had recently been subject to an audit decision indicating that EAFRD funding should not be used to support rural business networks. The team was therefore consulting with rural stakeholders, including the Rural Action Group, to rework the EAFRD provision in response to the new advice from DEFRA. There would be no call for EAFRD funding in March for this reason, however, it was hoped that a first call could be launched by the Summer.
- 7.5 The EMG would be considering and signing off the specifications on 12 February. The specifications would then be issued by the relevant Managing Authorities or opt-in organisations, with the EMG providing advice around the assessment of specifications. The Board was represented by Zoe Gray - Keith Mans and Peter Martin also sat on the EMG.
- 7.6 An EU information event was being held on 5 March which the Board members were invited to attend. A guide on EU funding was being prepared to be made available ahead of the next Board meeting.

Action to be taken	By Whom	When
Book place on the EU information event	All	February 2015

8. Joint Leaders Board Update

- 8.1 Clive Sanders had been appointed as the new Chair of the Joint Leaders Board at its meeting on 20 January 2015. A presentation had been received from Network Rail on the Wessex Route consultation. Questions were raised regarding the route from Waterloo to Woking which was particularly crowded, the Leaders Board was advised

that the lines were working at capacity. There had been no serious investment in the railway in the Enterprise M3 area which would provide a good return as it was a well-used route. The Board was asked to support and lobby for funding from Government for the routes in the Enterprise M3 area. The Enterprise M3 LEP had compiled a response to the consultation which would be circulated to MP's and Board members.

- 8.2 The Leaders Board looked at strategic road schemes and those which were a national priority – the M25, M3, A3 and A31. It was felt that road schemes needed to be considered at a wider strategic level. The LEP would co-ordinate a meeting with Surrey and Hampshire to look at wider strategic issues including roads, high speed broad band and flooding.
- 8.3 The Leaders Board discussed the Enterprise M3 finances and agreed to increase the local authority contributions to £10k from district councils and £20k from the county councils, this would bring the overall funding from local authorities to £180k. The Leaders Board requested a report in November on the funding mechanisms.

Action to be taken	By Whom	When
Circulate the Network Rail presentation given to the Joint Leaders Board to Board members	Justine Davie	March 2015
Circulate Enterprise M3 LEP response to the Wessex Route consultation to EM3 MP's and Board members	Kathy Slack	March 2015
Co-ordinate a meeting with Surrey and Hampshire, engaging relevant action groups, to look at wider strategic issues affecting the Enterprise M3 area	Rachel Barker working with Joint Leaders Board	June 2015
Report to the Joint Leaders Board on the Enterprise M3 LEP funding mechanisms	Kathy Slack	November 2015

9. Growing Enterprise Fund

- 9.1 The Board received a paper on the current position of the Growing Enterprise Fund (GEF). The key developments included: the legal agreement for the Activation Aldershot project had been signed and work had started on site; the final claim for the Brightwells Phase 1 project had been made and it was expected that work on site would be completed shortly; and, the FSE project continued to made strong progress and five loan proposals worth £875k, had been approved to date with £525k already drawn. The focus in the coming months would be to finalise agreements for Tannery Studios Phase 2 and Chapel Hill, Basingstoke.

Tannery Studios – Phase 2

- 9.2 Wey Holdings Ltd had applied for a £1.3m loan from the Growing Enterprise Fund to support the conversion and refurbishment of industrial space to form an innovation centre of just under 14,000 sq ft. The centre would include video, sound and editing studios/suites as well as office space. The total cost of the work was £1.5m of which Wey Holdings had committed £200k. The contribution to the economy was strong and the project had a clear fit with the Strategic Economic Plan in terms of ICT and digital media. The due diligence work estimated that approximately 650 jobs would be created by the proposal, which represented good value for money.
- 9.3 The due diligence work identified some risk with the project in that it was likely that costs had increased since the original application. Wey Holdings acknowledged the risk and indicated they would work within the original budget and seek to make design savings.

Wey Holdings had a good track record of delivering on the Phase 1 project and although this project was larger the due diligence report stated that in broad terms the team had the skills to organise and project manage the work. There was also some risk on the repayment of the loan which was over a ten-year period however it was proposed that the economic benefits and deliverability of the project outweighed the risks.

- 9.4 The proposal had been considered by the PMG and positive comments were provided by members of the Board that had attended the site visit to Tannery Studios. The PMG recommended to the Board that a £1.3m Growing Enterprise Fund loan be approved for the Tannery Studios Phase 2. The Board agreed the recommendation that following due diligence the Tannery Studios Phase 3 project should proceed.

Growing Enterprise Fund – Round 3

- 9.5 The third round of Growing Enterprise Fund had been launched on 30 September. An application had been received and considered by the Board at the last meeting for Sheerwater Access Road Phase 2 which was currently going through due diligence. Three further expressions of interest had been received in January 2015, although one had been withdrawn in order to carry out some further work on the proposal.

Addlestone One

- 9.6 The Addlestone One project was being led by Runnymede Borough Council and was seeking £3m to support the cost of the infrastructure required for a town centre regeneration project. The project was estimated to create 200 new jobs and deliver 213 new homes. The repayments would be over a five year period on an annual fixed payment basis. The expression of interest was rated high in terms of deliverability, economic outcomes and ability to repay the funding therefore it was proposed that the project proceed to due diligence.

- 9.7 The proposal had been considered by the PMG and recommended that the Addlestone One project should proceed to due diligence. The Board agreed the recommendation for the Addlestone One project to proceed to due diligence.

Digital Innovation and Incubation Centre

- 9.8 The Digital Innovation and Incubation Centre (Smart Cookie) project was seeking funding of £300k to support the development of an innovation and incubation centre at their offices in Guildford. The facility would provide high-end workshop space, laboratory space and research and development facilities for Smart Cookie but would be available for other digital businesses for hire, and made available for use by education providers. The funding would be used to purchase equipment and refurbish the property.

- 9.9 There were some issues that needed to be addressed and confirmation was required to ensure all funding was capital. The PMG considered the proposal and subject to the outcome of the discussion on the funding recommended that the project proceed to due diligence. The Board discussed the proposal and whether the project would be eligible for funding through the FSE project. The Board agreed that, subject to the outcome of the discussions, the Digital Innovation and Incubation Centre (Smart Cookie) project should proceed to due diligence.

Growing Enterprise Fund Allocation

- 9.10 The Board was advised that following a review of the cashflow and taking into account the receipts due in the first quarter of 2015/16, the allocation of £3m further GEF funding to projects before March 2015, was felt to be conservative. It was proposed that the amount should be increased to £5m. The PMG had considered the proposal and recommended that amount of GEF allocation be increased to £5m until March 2015. The Board agreed the recommendation to increase the GEF allocation to £5m.

Action to be taken	By Whom	When
Following due diligence, £1.3m GEF loan be allocated to the Tannery Studios Phase 2 project	Rachel Barker	February 2015
The Addlestone One project proceed to due diligence	Rachel Barker	February 2015
The Digital Innovation and Incubation Centre (Smart Cookie) project proceed to due diligence	Rachel Barker	February 2015
The GEF allocation be increased to £5m until March 2015	Rachel Barker	February 2015

10. Staffing Report

- 10.1 The Board received a paper on the current Enterprise M3 staffing structure which set out the members of core staff and the work carried out. The Board was advised that some members of the team only had contracts until March 2015 and approval was requested for the extension of those contracts until March 2016. The Board was also asked to agree a fixed term flexible contract for Alex Williams, Communications Manager to work specifically on the annual report and annual conference and authorisation for the Director to recruit a replacement resource to cover public relations and marketing activity up to the value of £50k.
- 10.2 The Board approved the extension of the contracts for Kate Swaby, Tom Hinchcliffe and Justine Davie until March 2016; the fixed term flexible contract for Alex Williams; and, funding up to £50k to cover the public relations and marketing activity.

Action to be taken	By Whom	When
Extend the contracts for Kate Swaby, Tom Hinchcliffe and Justine Davie to March 2016	Kathy Slack	February 2015
Arrange a fixed term contract for Alex Williams	Kathy Slack	February 2015
Recruit a resource to cover public relations and marketing activity up to £50k	Kathy Slack	March 2015

11. Finance Report

- 11.1 The Board received a paper which provided an update on the Enterprise M3 finances for 2014/15 showing progress against spend and the provisional budget for 2015/16. The various streams of funding received were set out. In 2015/16 there would be £35m of LGF received with £83m allocated for future years and a further £29m expected to be announced bringing the total LGF allocation over the next 6 years to £147m. The Board was reminded that the LGF was all capital money with only £350k for the Growth Hub in 2015/16 available for revenue spend. Enterprise M3 had been allocated £372k SEEDA Legacy funding in 2015/16 which had to be used to support enterprise activity therefore it was proposed it be used to support the Growth Hub within the 2016/17 financial year. The Board agreed that this funding should be used to support the Growth Hub within 2016/17. Further legacy funds were expected the following year although the exact amount was unknown.
- 11.2 In order to access the £250k core funding expected from the Government for 2015/16 the LEP was required to demonstrate match funding in either resource or time. The details of the match funding identified for 2015/16 was set out which totalled £451k. The Board was asked to agree the increase in the day rate used to calculate match-funding

estimates for Board members to £750 per day. It was recognised that the rate was below the figure for many of the Board members but provided a simple measure to calculate member time. The Board endorsed the approach taken on match funding and agreed the increase in the day rate used to calculate match-funding estimates for members to £750.

- 11.3 The Board received details on the actual and expected expenditure for 2014/15 under the different funding streams. The majority of expenditure from the operational budget was for core staff or expert support. There had also been additional expenditure for due diligence required in 2014/15. It was proposed that the use of the HCC framework to deliver due diligence be extended to 2015/16. Work had been carried out with AECOM to ensure the LEP was receiving value for money from their service. The Board agreed the extension of the framework agreement with AECOM for due diligence work into 2015/16.
- 11.4 The forecast to end 2014/15 showed a carry forward of £7,500 into 2015/16 which was considerably lower than the previous year reflecting the increasing costs. There had been some one-off funds received in previous years which had assisted in funding some project work but by the end 2014/15 these would have been almost fully utilised.
- 11.5 The proposed draft budget for 2015/16 was set out although it was highlighted that more detailed work was required which would be brought to the March Board meeting. The Board was however requested to sign off £5k funding for the LEP Network and to support the activity of the Greater Thames Valley 7 (GTV7) LEPs. The Board agreed funding of £5k for the LEP Network and GTV7.
- 11.6 The Board discussed the paper and presentation on the Enterprise M3 budget and explored options for increasing income. Areas suggested to increase income were contribution in resource from the HE sector, seeking sponsors for events, seeking a higher interest rate on funding and lobbying the Government for an increase in revenue funding. It was highlighted that the Board should be receiving monthly management accounts in order to have appropriate oversight of finances.

Action to be taken	By Whom	When
Extend the framework agreement with AECOM to 2015/16	Tom Hinchcliffe	February 2015
Provide a detailed finance report for the March Board meeting	Kathy Slack	March 2015
Explore options for monthly management accounts with HCC	Tom Hinchcliffe	February 2015

12. Enterprise M3 Governance

- 12.1 The Board received a paper providing an update on the Enterprise M3 governance arrangements. The Action Groups had been reshaped and the terms of reference had already been approved by the Board for the Rural Action Group and the Global Competitiveness through People Board. The terms of reference for the Transport Action Group and Enterprise and Innovation Board would be presented to the Board at the March 2015 meeting. The Board approved the terms of reference for the Land and Property Board which were circulated.
- 12.2 The Enterprise M3 Procedures and Protocols had been updated and were circulated but it was highlighted that the document would be replaced by the new Assurance Framework before the middle of March 2015, in order for contracts to be entered into. The LEP was working with the Accountable Body, Hampshire County Council, to develop a local Assurance Framework covering: LEP governance and decision making;

local authority partnership working across the LEP; transparent decision making; accountable decision making; and, prioritisation, business case development, risk management and ensuring value for money. The final version of the Assurance Framework would be circulated to all Board members for comment in advance of it being signed off.

Action to be taken	By Whom	When
Circulate a copy of the final Assurance Framework to the Board	Tom Hinchcliffe	March 2015

13. Directors Report

13.1 The Board received and noted the Directors Report.

14. Business Dashboard

14.1 The Board received and noted the December 2014 monthly business dashboard produced by Hampshire County Council Economic & Business Intelligence Service.

15. Forward Programme

15.1 The Board received and noted the Forward Programme.

16. Any Other Business

16.1 The Board agreed to the establishment of a Remuneration Committee made up of Geoff French, Clive Sanders and Tim Colman.

16.2 The future Enterprise M3 Board meetings would be held on

- Wednesday 25 March, 2015 – 2-5pm – Farnborough International, Farnborough
- Thursday 28 May, 2015 – 2-5pm – AECOM, Scott House, Basingstoke
- Thursday 30 July, 2015 – 2-5pm – Ecostation, Whitehill and Bordon
- Thursday 24 September, 2015 – Marwell Wildlife, Winchester
- Thursday 26 November, 2015 – Shepperton Studios
- Thursday 28 January, 2016 – Longcross, Chertsey
- Thursday 31 March, 2016 - TBC