



Driving prosperity in the M3 corridor

Enterprise M3 Board

25 March 2015, 2.00 – 5.00pm

**Large Meeting Room, Showcentre, Farnborough International Limited,
ETPS Road, Farnborough, GU14 6AZ**

MINUTES

Attending

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

Shaun Ormrod
Amanda Brooks
Rowena Robson
John Jervoise
Mike Rushworth
Kathy Slack
Rachel Barker
Tom Hinchcliffe
Chris Quintana
Justine Davie

Apologies

Kate Dean
Moira Gibson
Zoe Gray
Stephen Mansbridge
Malcolm Parry

1. Welcome and Introductions

1.1 Geoff French welcomed everyone to the meeting.

2. Farnborough International

2.1 Shaun Ormrod, Chief Executive, Farnborough International Limited (FIL) welcomed the Board to the Showcentre. A tour of the FIL site had taken place prior to the Board meeting to enable members to view the permanent chalet facilities which received a loan through the Growing Enterprise Fund and the site proposed for a new permanent event facility which had been identified for a loan through the Local Growth Fund. The permanent facility would support the Farnborough International Airshow and provide a large event facility to meet the demand identified by FIL for a large event venue west of London, as the nearest venues to the Enterprise M3 area outside of London were in Brighton and Bournemouth. The FIVE event space on the FIL site was well used but showed there was demand for a larger space.

2.2 The Farnborough International Airshow (FIA) was one of the most successful international airshows, FIA14 generated £204bn of orders and commitments. The Airshow was also important to SMEs with £12bn in orders placed in 2014. There had been £64m invested back into the UK as a result of FIA14 with £33m being within a 25 mile radius of the Airshow. FIA14 had carried out programmes with young people and across the UK there had been engagement with 6,000 young people.

3. Minutes of the previous meeting & matters arising

- 3.1 The minutes of the previous meeting were agreed and the actions were noted. The Board was advised that work was continuing to recruit a resource to cover public relations and marketing activity. In the short term Alex Williams would work on the annual report and conference, Hampshire County Council would provide some resource for marketing and public relations work and the team would also provide some support.

4. Declarations of Interest

- 4.1 In addition to all interests previously declared, the following interests were noted:
- Peter Martin declared an interest in Item 6 – Growth Hub, Item 8 - Local Growth Deal Projects and Item 10 - Growing Enterprise Fund but due to the nature of the interest remained in the room during the discussion on these items.
 - Mike Short declared an interest in Item 8 in relation to the 5G project but due to the nature of the interest remained in the room during the discussion.
 - Ferris Cowper and Keith Mans declared an interest in Item 8 in relation to the Whitehill and Bordon Construction Skills Centre but due to the nature of the interest remained in the room during the discussion.

5. Rural Group

- 5.1 John Jervoise, Chair of the Rural Action Group attended the Board meeting and reported on the background to the Group, the current work being addressed and the Group's future focus. The new terms of reference placed greater emphasis on rural policy development and oversight of rural funding streams that support the Strategic Economic Plan. Since reforming, the Action Group had tabled a Rural Planning Policy to the Leaders Board, confirmed and endorsed Local Growth Deal 2 activity relating to the Enterprise M3 wide woodfuel hub project and informed the use of European Agricultural Fund for Rural Development (EAFRD).
- 5.2 The Action Group had drawn up a forward plan of activities which focussed on: ensuring local plans considered rural issues; encouraging local authorities to have rural planning and growth policies; investigating areas where rural infrastructure was inadequate; and, encouraging use of renewable energy. The Group also identified the rural links to the other Enterprise M3 action groups.
- 5.3 The Board discussed the rural work and the importance of broadband provision particularly in Hampshire. It was agreed that the Digital Connectivity Group, in liaison with the Rural Group, would explore the availability of maps of the Enterprise M3 area showing the coverage already provided and the future work that was planned. The information would then be used to identify gaps in provision and Enterprise M3 would work with the County Councils on how to address those gaps. It was acknowledged that the Enterprise M3 LEP would act in a lobbying and influencing role. There was also an issue raised regarding the definition of affordable housing in rural areas. The requirement was not clear therefore BIS would look into the issue and report back to the Board.
- 5.4 The Board noted the work of the Rural Group and the update paper from the Digital Connectivity Task and Finish Group.

Action to be taken	By Whom	When
Look into the affordable housing requirement in rural areas and advise the Board	Amanda Brooks/ Rowena Robson	28 May 2015
Explore the availability of maps of the Enterprise M3 area identifying availability of broadband	Digital Connectivity/ Rural Group	June 2015

6. Growth Hub

- 6.1 Mike Rushworth, Chair of the Enterprise and Innovation Group presented details for the preferred provider for the Growth Hub and gave an overview of the services to be provided. The aim of the Growth Hub was to coordinate all SME business and skills support from national programmes and local area activity. A business support simplification pilot review was used to develop a unique specification for an Enterprise M3 Growth Hub which best suited the requirements for the businesses in the area.
- 6.2 Following a tender process and a thorough evaluation the preferred supplier selected to provide the Growth Hub contract was a partnership led by BE Group. BE Group was a leading supplier of business support services with a track record in business information, business growth and commercial development programmes. The partnership comprises BE Group as lead partner alongside Aerian (portal developer), Business South, SETSquared and Hampshire and Surrey County Councils.
- 6.3 The Enterprise M3 Growth Hub would provide a transactional business and skills offer for all businesses through full integration of the Enterprise M3 Growth Hub portal and the national business support helpline. It would also provide expert support to those businesses that demonstrate high innovation and growth potential and in a sector which is of high priority for Enterprise M3, known as High Innovation, Growth and Priority businesses (HIGP). The Growth Hub would deliver to 5,000 businesses securing information through the portal with 250 businesses receiving direct support from the Growth Champions. The core team for the Growth Hub would have a physical location working from premises in Surrey Research Park, Guildford.
- 6.4 Oversight and scrutiny of the Growth Hub would be carried out by the Enterprise and Innovation Group and regular progress reports would be provided to the Board. The BE Group would attend the 28 May Board meeting to provide a formal update.

Action to be taken	By Whom	When
BE Group to provide a formal update on the Growth Hub to the 28 May Board meeting	Chris Quintana	28 May 2015

7. Annual Conference

- 7.1 Kathy Slack advised the Board that planning for the annual conference was underway. It was anticipated the conference would take place in October 2015, the date would be agreed shortly and Board members advised. The venue for the conference had not yet been agreed. Key areas of focus for the conference were: showcasing Enterprise M3 work to date and raising the profile; setting out plans for the future; looking at priorities with a digital focus; and, getting views of some leading businesses in the area. Key speakers were yet to be agreed and the Board was encouraged to email Kathy Slack with ideas for content/venue/speakers.
- 7.2 The Board noted the update on the annual conference. There were suggestions of Kempton Park, Sandown Park and McLaren Conference Centre as potential venues for the conference.

8. 2015/16 Growth Deal Projects for Approval

- 8.1 The Board received details on three Local Growth Fund projects which had recently undergone due diligence and were in a position to proceed to contracting. The projects had been considered by the PMG at its meeting on 13 March and the PMG recommended that expenditure be approved to enable the projects to progress to contracting.

Enterprise M3 5G Project

- 8.2 Chris Quintana, Enterprise M3 Enterprise and Innovation Project Manager provided some background information to the 5G Project. The whole project was being led by the University of Surrey from its 5G Innovation Centre (5GIC). The 5GIC would develop an external 5G Test Bed providing a super-fast network around the University Stag Hill campus. The Centre would provide a unique, end-to-end facility to allow full testing of 5G applications in a real-world environment. Access to the test bed network would be made available to companies across the Enterprise M3 area and to Greater Thames Valley companies, allowing them to take advantage of 5G technologies to improve business growth.
- 8.3 The Enterprise M3 5G Project would allow the 5GIC to provide additional benefits to local businesses in two phases. The total cost of phase 1 was £25m with a capital match of £23.25m from HEFCE, Huawei and other founding partner contributions and the contribution of Local Growth Fund of £1.75m. The project would capitalise on the £60m of private and public sector investment already committed to the wider 5GIC by partners. The second phase was expected to follow from late 2016.
- 8.4 Phase 1 was planned to take 18 months and would deliver an indoor 5G emulator within the 5GIC and a 5G Incubation Centre in Basingstoke. The indoor 5G emulator would provide an internal facility for additional network developing and testing. The 5G Incubation Centre in Basingstoke would provide an additional hub for SMEs to access the developing technology and would provide benefits to Basingstoke, including greater innovation and business growth.
- 8.5 AECOM had carried out detailed due diligence which considered the links between the main 5GIC and the Enterprise M3 5G project. There had been some issues highlighted, which were set out in the report. All of the issues had been addressed with the University of Surrey with satisfactory resolutions agreed. There was a recommendation from AECOM that Enterprise M3 should consider gaining membership of 5GIC or a shareholding in 5G IPR Ltd. This would be considered as part of the phase 2 funding proposal.
- 8.6 The University of Surrey had applied for £1.75m of LGF to purchase equipment for a 5G emulator, provide a 5G demonstrator facility in Basingstoke and to cover capitalised recruitment and salary costs for six full-time project staff for the design and installation of the project.
- 8.7 The PMG had discussed the project at its meeting on 13 March and asked for further clarification on the additionality provided by the LGF investment. It was explained that the funding provided by Enterprise M3 5G would enhance the links to local SMEs, and provide further opportunities for local companies to access the opportunities 5G would provide within the area. A 5G SME Steering Group was being set up for this purpose. The £1.75m LGF would also accelerate the provision of the emulator. The PMG acknowledge that 5G was a globally significant project and it was important that Enterprise M3 was involved due to the significant impact this would have on businesses within the Enterprise M3 area.

- 8.8 The Board agreed that the project was of major global significance and noted that the interest from large global companies was already extremely high. The importance of the SME engagement in the project was also noted which would have not been included without the LEP's involvement. The Board agreed that £1.75m of expenditure from LGF be approved for the first phase of the Enterprise M3 5G Project.

Whitehill and Bordon Future Skills Centre

- 8.9 Tom Hinchcliffe reported on the Whitehill and Bordon Future Skills Centre project which had previously been reported to the Board at the January meeting. The Centre would be a 'flagship' development on the Louisburg Barracks site which would focus initially on the construction sector, supporting local people to access employment opportunities created during the construction phase of the redevelopment of the town and beyond.
- 8.10 The issues relating to utilities cost/land transfer which had been highlighted at the January Board meeting had now been agreed in principle. Hampshire County Council (HCC) and the Homes and Communities Agency had agreed to cap the cost of the land transfer/utilities at £550k and the land purchase was now part of the total cost of the project. HCC had also agreed to provide £250k match funding into the project. The project programme had been revised to reflect a more realistic and deliverable timeline in light of the delays, therefore the project was now expected to deliver over two years, although HCC and East Hampshire District Council would aim to deliver the project earlier if possible. Additional costs had been identified as a result of the delays which would be met by HCC.
- 8.11 The PMG discussed the project at the meeting on 13 March and were pleased that the land transfer issue had been resolved. PMG asked the Enterprise M3 team to explore the possibility of HCC increasing its match-funding from £250k, although it was accepted that the project was part of a much larger package of projects being carried out within the Whitehill and Bordon area, which HCC had invested a significant amount of funding in and that it was important that this project proceeded on time. The SFA had assessed the strategic case, economic case and the deliverability of the project and no major issues had been identified. The Global Competitiveness through People Board had also considered the project and recognised the need for construction skills within the area therefore supported the proposal.
- 8.12 The Board discussed the project and agreed that although the match funding contribution was lower than would normally be expected, consideration should be given to the substantial input being made to the wider Whitehill and Bordon redevelopment. It was explained that the low match funding was an exception for this project. The Board agreed that £3.7m of expenditure from LGF be approved for the Whitehill and Bordon Future Skills Centre.

A30/A331 Meadows Gyratory Improvements

- 8.13 Rachel Barker reported on the A30/A331 Meadows Gyratory, Camberley transport scheme. The location of the roundabout was on the border of Surrey, Hampshire and Berkshire and served as a primary access route to Camberley town centre and key employment areas, linking to the area south of the strategic road network and providing access to the M3. The Meadows Gyratory was known locally as a key location with capacity and congestion issues. The proposed scheme would provide a new direct link between the A30 (west) and A331 (south) to help maximise junction throughput. The scheme would deliver reduced journey times and increased journey time reliability which would provide economic benefits to the local area. Work on the scheme was expected to start in January 2016 and be completed in 2017.

- 8.14 AECOM had reviewed the business case and raised questions with Surrey County Council which had been addressed. The conclusion was that the scheme performed well in terms of the technical transport-based assessment and also demonstrated a contribution to the wider economic benefits. The Transport Action Group concluded that the scheme would also contribute to the LEP's economic objectives as set out within the Strategic Economic Plan, and this was supported by the Local Transport Body.
- 8.15 The PMG discussed the proposal at its meeting on 13 March and agreed that the gyratory was a key location which needed improvement and that the project delivered clear economic benefits. The Board found it helpful having the business cases to accompany the project report but requested that an executive summary was included in future picking out the key issues and benefits/drawbacks relating to the project. The Board agreed that £3.675m of expenditure from LGF be approved for the A30/A331 Meadows Gyratory transport scheme.

Action to be taken	By Whom	When
Progress the Enterprise M3 5G project to contracting.	Chris Quintana	April 2015
Progress the Whitehill and Bordon Future Skills Centre project to contracting.	Sarah Carter	April 2015
Progress the A30/A331 Meadows Gyratory Improvements to contracting.	Kevin Travers	April 2015
Provide an executive summary with the business case for transport projects for future Board meetings.	Kevin Travers	May 2015

9. Joint Leaders Board Update

- 9.1 Clive Sanders reported on the Joint Leaders Board meeting held on 19 March. An update had been provided on the Local Growth Fund and a number of issues were discussed including the lack of access to revenue funding. An update was received from the European Management Group on how the EU funds were being managed and the need for applicants to start preparing expressions of interest. The Leaders Board discussed the future priorities and what the LEP should be doing. The main areas identified that needed addressing were infrastructure to deliver housing and economic growth, skills and broadband.

10. Growing Enterprise Fund

- 10.1 The Board received a paper on the current position of the Growing Enterprise Fund (GEF), two key issues were highlighted. The claim for £3m for the Activation Aldershot project was expected before the end of the 2014/15 financial year. The Board was advised that due to issues associated with both economic outcomes and ability to repay the loan the PMG had agreed that the Smart Cookie project should not proceed, the applicant had been informed.
- 10.2 The Board received an update on the Enterprise Expansion Fund and loans made to date. The Expansion Fund was made up of two elements a £4m loan scheme and a £1.5m equity fund. The Expansion loan scheme had received a good level of enquiries and applications and as of end February 2015 £600k of funding had been drawn down. The equity fund deals took longer to progress than the loan scheme and as of end of February one project had been approved although the level of enquiries were strong with five enquiries being received in late February. Kevan Jones, Chief Executive of the FSE Group would report to the 30 July Board meeting with further information on the progress of the Expansion Fund.

Addlestone One, Runnymede Borough Council

- 10.3 Due diligence work on the Addlestone One project had now been completed. The project was led by Runnymede Borough Council and was seeking £3m to support the cost of infrastructure required for a town centre regeneration project. The funding would contribute towards a combined heat and power unit, roads and footpaths, open spaces and a car park. Runnymede Borough Council had been successful in securing a £34m loan from the Public Works Loan Board (PWLB) to support the Addlestone One project.
- 10.4 AECOM considered the Addlestone One project to be strong in terms of its contribution to the economy and there was a clear fit with the Strategic Economic Plan. The due diligence supported the information that the project would provide 213 new homes and that 200 direct jobs would be created. Deliverability was considered to be strong and preliminary work had started on site on 9 March 2015. All land required to deliver the project was owned by Runnymede Borough Council except for a small section owned by Surrey Police which was due to be transferred shortly. The substantive works would commence in July 2015 and would be completed in 2017. Options were provided for repayments, it was proposed they were made in six staged payments with the loan being fully repaid by the end of year five. AECOM recommended that Runnymede Borough Council should be required to fully underwrite the repayments, this would be incorporated into the legal agreement. The due diligence concluded that Addlestone One represented a good value for money project which would act as a key economic driver for several years to come.
- 10.5 The PMG discussed the project at its meeting on 13 March, in particular additionality given the large amount of funding provided by the PWLB. PMG were advised that £3m was a significant sum which would assist with the public realm work identified and would run alongside the PWLB investment. PMG recommended to the Enterprise M3 Board that the Addlestone One project should progress to contract.
- 10.6 The Board discussed the project and agreed that £3m of expenditure from the Growing Enterprise Fund be approved for the Addlestone One project and it should progress to contract.

Action to be taken	By Whom	When
Progress the Addlestone One project to contracting.	Rachel Barker	April 2015

11. Finance Report

- 11.1 Kathy Slack reported to the Board on the Enterprise M3 finances setting out the spend to date for 2014/15 and the proposed budget for 2015/16. The statement of accounts showed the position as at end February which forecast an opening balance for the operational fund in 2015/16 of £160k, due to the contract for the website review not yet being awarded and the event study not taking place in 2014/15 as expected. There was also some surplus in the housing and transport funds which had not been spent and these would be transferred into the operational budget for 2015/16.
- 11.2 The GEF Capital budget showed a forecast opening balance for 2015/16 of £10m however all of the funding was expected to be allocated during 2015/16 with repayments of £2.5m expected to be received which would enable another round of funding to be launched later in 2015. The GEF revenue continued to support the work on the GEF projects including staffing and due diligence. The budget forecast an opening balance of £1.4m for the GEF revenue budget for 2015/16.

11.3 The budget for 2015/16 was set out for all of the funding streams showing the forecast income and expenditure. The operational fund showed the forecast expenditure for staffing, expert support, business engagement, due diligence, accountable body costs and running costs. The Board agreed the budget for 2015/16 and approved delegated authority for the LEP Director to manage day to day spending. Further authority from the Board on the revenue funds would only need to be sought for deviations of more than +/- 10% on the headline income or expenditure figures.

11.4 The Board discussed the accounts and format for reporting and requested that they were presented in a more formal business like statement for future Board meetings. The Enterprise M3 Team would meet with the Accountable Body to agree a more formal reporting format for the accounts. The end of year accounts would be presented to the Board meeting on 28 May. The Board requested that capital and revenue was reported separately with a cash flow report for the revenue costs and a balance sheet for the capital expenditure.

Action to be taken	By Whom	When
Agree a revenue cash flow and capital balance sheet format with the Accountable Body to report to future Board meetings.	Tom Hinchcliffe	May 2015
Agree a format with the Accountable Body to report the end of year accounts to the Board meeting on 28 May.	Tom Hinchcliffe	28 May 2015

12. Action Group Terms of Reference

12.1 The Board received the Terms of Reference for the Transport Action Group and the Enterprise and Innovation Board. The Board agreed both Terms of Reference subject to some rewording of point 6 under the focus areas of the Transport Terms of Reference and the amendment of a typo on the Enterprise and Innovation Terms of Reference to change the increase of business birth rates by 10%, not 1% as was stated. The Board also requested that all Terms of Reference were presented in a similar format in future.

Action to be taken	By Whom	When
Amend the points highlighted in the Transport and Enterprise and Innovation Terms of Reference.	Rachel Barker	April 2015

13. Assurance Framework

13.1 The Board received and noted the Enterprise M3 Assurance Framework and the agreement of the final framework with the Accountable Body.

14. Action Group Update

14.1 The Board received and noted the recent progress of the Enterprise M3 Action Groups.

15. Directors Report

15.1 The Board received and noted the Directors Report.

16. Forward Programme

16.1 The Board received and noted the Forward Programme.

17. Any Other Business

17.1 The future Enterprise M3 Board meetings would be held on

- 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