



Driving prosperity in the M3 corridor

**Enterprise M3 Board**

**28 May 2015, 2.00 – 5.00pm**

**Conference Suite, 5<sup>th</sup> floor, AECOM, Scott House,  
Alençon Link, Basingstoke, Hampshire, RG21 7PP**

**MINUTES**

**Board in Attendance**

Geoff French - Chair  
David Barnes  
Ferris Cowper  
James Cretney  
Kate Dean  
Andrew Lambert  
Keith Mans  
Stephen Mansbridge  
Peter Martin  
Malcolm Parry  
Louise Punter  
Clive Sanders  
Mike Short  
Chris Tinker

**Guests in Attendance**

Mike Wiltshire  
Rowena Robson  
Sue Thomas  
Sue Lapham  
Rachel Barker  
Sarah Carter  
Tom Hinchcliffe  
Chris Quintana  
Justine Davie

**Apologies**

Dave Axam  
Andy Barr  
Tim Colman  
Moirra Gibson  
Zoe Gray  
Christine Slaymaker  
  
Amanda Brooks  
Kathy Slack

**1. Welcome and Introductions**

1.1 Geoff French welcomed everyone to the meeting.

**AECOM**

1.2 Sue Thomas, Technical Director and Office Leader at the AECOM Basingstoke office attended the meeting and provided some background information on AECOM which had taken over URS in 2014. AECOM employed 10,000 staff in 150 countries world-wide providing technical and management support services to a broad range of markets, including design and planning, construction, environmental, energy, water and government. The Basingstoke office employed approx. 400 staff and acted as a technical base linking to skills in other UK offices.

Note: Sue Thomas left the meeting after this item.

**2. Minutes of the previous meeting & matters arising**

2.1 The minutes of the previous meeting were agreed and the actions were noted. The update on the Growth Hub had been deferred until the 30 July Board meeting when the BE Group would attend. The contract for the Enterprise M3 5G project had been slightly delayed and was now expected to be signed in mid-June.

**3. Declarations of Interest**

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

- Ferris Cowper declared an interest in relation to the East Hants Invest for Growth Initiative and Whitehill and Bordon Business and Enterprise Centre.

#### 4. Reflection on Policy Changes

- 4.1 Mike Wiltshire, Deputy Director BIS Local (South Central and West) advised the Board on current work and focus of the Government following the General Election. Jim O'Neill had been appointed as Commercial Secretary to the Treasury responsible for a portfolio including the Northern Powerhouse and city devolution, Greg Clark as Secretary of State for Communities and Local Government (CLG) and Sajid Javid as Secretary of State for Business, Innovation and Skills (BIS). The appointments were seen as a positive step for Local Enterprise Partnerships (LEPs) and local growth. BIS Local were of the view that the Treasury, CLG and BIS were now all working together.
- 4.2 The emergency budget would be declared on 8 July where it was expected that a productivity plan would be announced with a focus on skills, transport, research and development and infrastructure. The Comprehensive Spending Review would be announced in the Autumn when it was expected there would be some clarity provided on core funding and later years funding for LEPs.
- 4.3 The current key focus was the Northern Powerhouse and big city deals. The Chancellor had also been pushing the concept of city regions, but it was recognised that there were areas of the country where this would not be appropriate. LEPs were being advised to put forward ambitious propositions to ministers to make the case for further devolution of funding and powers. Any economic asks would need to include details setting out the governance arrangements, which would provide clear accountability for decisions. The gold standard would be a combined authority with an associated 'metro-mayor' although other structures which provided clear and accountable decision making would also be considered.
- 4.4 The Board discussed the focus of the Northern Powerhouse and big cities and there was concern that the South East would not be able to compete with the North in terms of access to government funding. It was requested that the Government provided a clear steer on what propositions would be considered before LEPs embarked on work that may not be what the Government was expecting. BIS Local reiterated that the onus was on LEPs to come forward with ambitious propositions, and there was unlikely to be any steer provided on what propositions should contain. Proposals should include strategically significant projects which impact across LEP boundaries.
- 4.5 Rachel Barker circulated a copy of the Enterprise M3 pamphlet entitled 'Securing Economic Growth in the Enterprise M3 Sci:Tech Corridor' which would be sent out to Ministers and local MPs to raise the profile of Enterprise M3, and which provides details on the projects and activities being delivered across the area. The pamphlet set out the key achievements and provided information on the Growth Deal and planned Local Growth Fund projects. A letter had been sent to Greg Clark to invite him for a ministerial visit and a MPs event was being arranged for June/July to bring MPs up to speed with Enterprise M3's work and successes.

Action to be taken	By Whom	When
Discussions to be held with neighbouring LEP areas on propositions to put forward to the Government for the South East area	Geoff French	July 15

## 5. Taking Forward Priorities – Actions from Strategic Workshop

- 5.1 Tom Hinchcliffe updated the Board on the work that had been carried out following the strategic workshop held on 20 April. The Enterprise M3 Team had produced a table of issues from the workshop and identified how to take the work forward. The Board was updated on the priorities that had been established and was asked to feedback to Tom Hinchcliffe on any priorities which had not been included. The key messages set out included: retaining a focus on productivity, the Sci-Tech Corridor and key and niche sectors; working with others on major strategic priorities across the region; identifying large projects where capital funding would have an impact; being clear on the LEP role; maintaining business engagement; and, taking a flexible approach to delivery and the use of funding. A copy of the slides would be circulated to the Board.
- 5.2 The Board discussed the priorities and agreed that the message needed to be translated to help businesses gain a better understanding of the purpose of the LEP to encourage businesses to become more engaged. It was proposed that some business engagement dinners should be arranged with larger companies as carried out in previous years.
- 5.3 One significant issue for business was the need for more housing for staff and the infrastructure to support the housing. BIS Local advised that the Department for Transport (DfT) would look favourably at propositions which demonstrated cross-LEP working. Geoff French reported that a preliminary meeting had already been held with the DfT on behalf of the Greater Thames Valley LEPs but there would need to be some revenue funding made available to commission any preparatory work. BIS Local asked to be kept informed of any further discussions held with DfT.

Action to be taken	By Whom	When
Circulate priorities slides to Board Members	Justine Davie	1 June 2015
Provide feedback on priorities to Tom Hinchcliffe	Board Members	15 June 2015
Arrange business engagement dinners with large companies in the Enterprise M3 area through the Chambers of Commerce	Chris Quintana	Ongoing

## 6. Feedback from Action Groups

### Rural Group

- 6.1 James Cretney advised the Board that the Rural Group was producing a paper which would highlight the key priorities for the rural sector and how future funding could be deployed. The paper would help to inform how European funding could best be used for Rural Development projects. A rural policy paper on planning had been submitted to the district planners for consideration and would then be presented to the Enterprise M3 Joint Leaders Board. A Forestry Support Workshop had been organised by the Forestry Commission for 4 June in support of the Woodfuel Hub project to identify business-led projects that could benefit from funding. John Jerviose and Kathy Slack had met with Hampshire County Council to discuss the rural economy. Hampshire County Council were reviewing their priorities for the rural area and were happy to receive input from Enterprise M3 LEP.

### Land and Property Group

- 6.2 Chris Tinker informed the Board that the Land and Property Group would be tendering for an update to the commercial property market study. The study would focus on the Growth and Step-up Towns and how commercial property could help deliver the objectives of the Strategic Economic Plan. There had been some discussion on developing some key performance indicators for housing to use to gauge local authority progress against their local plans. It was proposed to use a traffic light system to highlight the progress that was

being made on addressing housing need. The Group was also supporting good planning practice and the CLG policy team was working on how to speed up planning policy. There was an issue highlighted with Government requiring 200,000 starter-homes to be made available but it was not clear how this would be achieved. Chris Tinker would write to Brandon Lewis MP, Minister of State for Housing and Planning to get an explanation of the figures and how they were expected to be achieved. BIS Local suggested the letter should be sent to local MPs requesting that it be raised with the Minister.

Action to be taken	By Whom	When
Letter to be sent to local MPs requesting details from the Minister for Housing and Planning on how the figures for number of homes to be provided was reached and how it would be achieved	Chris Tinker	30 June 2015

### **Global Competitive through People Board**

- 6.3 Louise Punter reported that the Global Competitiveness through People Board (GCP) had met at the Winchester Science Centre on 27 April. At the workshop presentations were received from: the UK Commission for Employment and Skills on the long term vision for employment and skills; the Tech Partnership on working with the Enterprise M3 LEP to promote the tech and digital sector; and, the Enterprise M3 Growth Hub on the aim and function of the Growth Hub and how Skills for Business would be integrated throughout the Growth Hub delivery. The priorities for the GCP Board were to review the Employment and Skills Strategy, develop a pipeline of suitable candidates for apprenticeship vacancies, address productivity in the workforce and identify opportunities for leveraging revenue funding from the private sector. The Surrey Chamber of Commerce had secured some funding to promote careers advices and would work closely with Enterprise M3.

### **Enterprise and Innovation Action Group**

- 6.4 Andrew Lambert updated the Board on the current work of the Enterprise and Innovation Action Group. The most recent meeting of the Group had included a review of the 5G project, a review of the Whitehill and Bordon Business and Enterprise Centre, an update on the Growth Hub and a presentation from the Animal Health Partnership. The Group received an update on the SetSquared Partnership approach to 'Building an Innovative System around the Enterprise M3 Growth Towns', the issue raised was that businesses were unaware of funding available as the message was not getting out.

### **Transport Action Group**

- 6.5 Geoff French informed the Board that the next meeting was scheduled for 5 June when the business case for the Whitehill and Bordon Relief Road project would be reviewed, in particular the issue relating to increased costs. A presentation would be provided by Highways England on their road strategies and how route investment studies would be carried out. Work was being carried out with neighbouring LEPs to identify a list of infrastructure needs while awaiting the outcome of the Davies Commission report. A meeting had been held with DfT by Greater Thames Valley LEP representatives on the work that was required to identify infrastructure requirements. There would be revenue cost implications for any work that would need to be commissioned.

## **7. Local Growth Fund**

### **Summary of Progress of Programme**

- 7.1 Tom Hinchcliffe reported on the projected underspend of just over £3m on the 2015/16 LGF. There were a number of reasons for the underspend including the Ashwood House project of £8m now being funded from the Public Works Loan Board (PWLb), and Victoria Arch, which was due to draw down £3.7m in 2015/16, now unlikely to progress in 2015/16. Until contracts were signed there was also a risk that other projects may not draw down their allocated amount in 2015/16. Steps had been taken to mitigate the underspend by accelerating the delivery of projects already in the programme, bringing forward the start

dates of projects into 2015/16 and reprogramming 2015/16 projects to delivery more quickly. The Ball Hill SANGs project of £1.5m, which was scheduled to deliver in 2015/16, had also been moved from the Growing Enterprise Fund into the LGF programme. The executive team would continue to actively manage the programme to ensure funding was deployed as effectively as possible.

- 7.2 The Board was advised on an issue concerning cost increases on projects already included within the programme. The known cost increases were currently confined to transport projects, and were due primarily to increases in contractor tender costs. Scheme business cases each had contingencies in place, however the unanticipated level of tender price inflation (up to 30% in some cases) in combination with other cost increases due to higher utility costs and cost increases as outline business cases were firmed up, meant that these contingencies had been exceeded on some projects. Work was being carried out with the scheme promoters to develop a clear picture of cost increases across the programme as soon as possible, including a detailed understanding of why these increases were occurring. Specific issues had been identified with the Basingstoke North Eastern Corridor to Growth and Whitehill and Bordon Relief Road projects, these would both be considered by the Board at the July meeting.
- 7.3 It was proposed that cost increases were dealt with on a case-by-case basis with the aim being to maximise the economic outcomes. A procedure was set out for dealing with any increase in funding which would require the applicant to set out the size of the increase, the cause and why they were not anticipated in the original business case. The applicant would be required to put forward a minimum of two options on how to proceed. It was proposed that the LEP Director would have delegated authority to approve a funding increase of up to 10%, with the Programme Management Group (PMG) having delegated authority to approve funding increases of up to 20% and any funding increase that exceeded 20% would require Board approval. Where Board approval was required, the PMG would provide a recommendation to the Board. The Board would be provided with details of any funding increases approved through delegated authority through an update at the following Board meeting.
- 7.4 The Board received a copy of the performance dashboard which provided a snapshot of the current financial position of the 2015/16 LGF projects and programme. The dashboard would form part of a larger dashboard which would also include information on wider economic indicators and KPIs, giving a balanced view of Enterprise M3's performance. A version of this dashboard would be brought to the July Board meeting.
- 7.5 The Board discussed the position relating to the forecast underspend and the cost increases. The Board agreed the proposed approach for dealing with cost increases, including the delegated authority, but requested that the wording relating to Board approval be amended to read 'above 20% or over £3m would require Board approval'.

Action to be taken	By Whom	When
Expanded performance dashboard to be reported to July Board meeting	Tom Hinchcliffe	30 July 2015
Amend wording for agreeing cost increases to include 'or over £3m' to require Board approval	Tom Hinchcliffe	29 May 2015

#### **2015/16 Growth Deal Projects for Approval**

- 7.6 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 14 May and the PMG recommended that expenditure be approved to enable the projects to progress to contracting.

### **East Hants Invest for Growth Initiative**

- 7.7 Rachel Barker, Enterprise M3 Infrastructure Project Manager, reported on the East Hampshire Invest for Growth Initiative which would combine private sector contributions, Local Growth funding and local authority funding to create a single fund to be invested in the local economy. The two main aims of the initiative were to achieve a balance between employment and housing provision and to create a long-term local economic development fund to invest in business and skills. The project had been included in the Growth Deal 2 process and the business case had been reviewed by various Government departments and received complementary comments on the quality of the work. It was proposed that the project would act as a 'pilot' for an approach that could be used elsewhere in the Enterprise M3 area.
- 7.8 East Hampshire District Council (EHDC) had applied for £1.6m of LGF to establish the East Hampshire Invest for Growth Initiative which would be matched with £1m of capital funding from EHDC and bring in private sector contributions where possible. The project was developed to respond to specific pressures within East Hampshire. The proposal was for EHDC to develop 2,000 sqm of new industrial and office space at two preferred sites, EHDC had a long list of suitable options if the two preferred sites proved not to be suitable. The approach would create 140 jobs and help unlock 25 new homes plus further benefits once the full economic development fund was operational from November 2018.
- 7.9 AECOM had carried out independent due diligence on the project and concluded that EHDC had a strong and well developed strategic case for intervention and the project had a strong strategic fit with direct alignment with the Enterprise M3 Strategic Economic Plan. AECOM supported the figures for the number of jobs, new employment floorspace and homes created. AECOM requested that further work was carried out by EHDC to explain how the initiative would be managed in order to maximise the potential success of the project. There was also further work required on a number of other areas including completion of cost estimates, production of a revised programme, confirmation of private sector contributions, confirmation of management arrangements, and confirmation there were no state aid implications.
- 7.10 The Board discussed the East Hampshire Invest in Growth Initiative and agreed that it was a solid project and was the type of project the LGF should be supporting. The Board agreed that £1.6m of expenditure from LGF be approved for the East Hampshire Invest for Growth Initiative, subject to the conditions set out in the report.

### **Hampshire Centre for the Demonstration of Environmental Technologies**

- 7.11 Sarah Carter, Enterprise M3 Skills Project Manager, reported on the Hampshire Centre for the Demonstration of Environmental Technologies project which had been reintroduced into the LGF programme due to the availability of funds following Ashwood House being funded from the PWLB. The project was included within the Strategic Economic Plan and was also included in the Growth Deal 2 submission to Government, where it received positive feedback on strategic fit.
- 7.12 Sparsholt College had applied for £1.2m of LGF to construct The Hampshire Centre for the Demonstration of Environmental Technologies which would be matched with £1.25m of capital funding from private sector investments, £150k from the college's cash reserves and £850k from in-kind contributions. There was also significant investment from the private sector to develop the anaerobic digester facility. The project consisted of the construction of a 1,400m<sup>2</sup> new demonstration and learning space for environmental technologies with students able to gain valuable hands on practical training and learning at the anaerobic digester plant. The project would provide further education and skills development as well as innovation and enterprise roles providing an opportunity for businesses to research, test, refine and prove the business case for their technologies.

The key outputs for the project were 57 apprenticeships and 12 high apprenticeships over the next 3 academic years, and 20 jobs created with a potential of 340 jobs over 20 years.

- 7.13 Due diligence had been undertaken by the Skills Funding Agency (SFA) and the Enterprise M3 skills leads. The project rated highly in terms of strategy and economics and although was not directly associated with specific priority or niche sectors was embedded within STEM subjects. The project would also support objectives relating to the 'green economy' for rural businesses and would support the Woodfuel Hub Network project. The SFA had requested details on the technical construction which would be included as a condition of funding. The Global Competitiveness through People Board had reviewed the project and highlighted three issues relating to when the planning permission would be granted, agreement with Sparsholt College that the LGF would not be used for investment in the plant or access road and that the project would benefit the wider community by linking to other Enterprise M3 funding projects. Sparsholt had confirmed that all of these issues had been addressed.
- 7.14 The Programme Management Group had raised some issues that needed to be addressed including the full planning application being successful, realistic timescales on funding spend being proposed, further details on the integration of teaching and learning with the overall plant facility, substantiated job outcome evidence, and Sparshot College to provide information equating to the RIBA Stage C as requested by the SFA.
- 7.15 The Board agreed that £1.2m of expenditure from LGF be approved for the Hampshire Centre for the Demonstration of Environmental Technologies project, subject to issues raised by PMG being addressed.

#### **Whitehill and Bordon Business and Enterprise Centre**

- 7.16 Chris Quintana, Enterprise M3 Enterprise and Innovation Project Manager, reported on the Whitehill and Bordon Business and Enterprise Centre project (BEC) which would provide 900m<sup>2</sup> of new office accommodation at Broxhead House on the Louisburg Barracks site in Whitehill and Bordon. The delivery of employment space was critical to the economic regeneration of Whitehill and Bordon and the BEC would provide a service for new start-ups and existing small businesses throughout Whitehill and Bordon and adjacent areas. The BEC would also attract new start-ups from local people currently employed by the army looking to seek alternative employment once the army departed from the town.
- 7.17 The HCA had applied for £4m LGF to refurbish Broxhead House with some modest new-build to provide net lettable floorspace of 900m<sup>2</sup> new office accommodation. The project estimated to provide 236 jobs by year 10. Louisburg Barracks had the largest dedicated employment site in the scheme and the BEC project would help kick-start confidence in the broader employment market which aspired to delivery 5,500 new jobs. The total cost of the project was £5.645m, £4m LGF with £1.540m from the HCA made up of a S106 contribution and the land for development plus £80k for staff resources and £25k capacity funding from Government.
- 7.18 AECOM had carried out detailed due diligence on the project and considered it to be a robust scheme which had proceeded well to date. AECOM had raised a few minor concerns around: submission of a timely planning application; confirmation on the revised number of jobs; timescales involved with bat removal; and, confirmation that the revised cost plan was complete. However their recommendation was that these could easily be covered off in the grant agreement.

- 7.19 The Board discussed the project and were in agreement that the BEC was part of the much larger development being undertaken at Whitehill and Bordon and that there would be a significant impact on this if the project did not proceed. The Board agreed that £4m of expenditure from LGF be approved for the Whitehill and Bordon Business and Enterprise Centre project.

Action to be taken	By Whom	When
Progress the East Hants Invest for Growth Initiative project to contracting.	Rachel Barker	June 2015
Progress the Hampshire Centre for the Demonstration of Environmental Technologies project to contracting.	Sarah Carter	June 2015
Progress the Whitehill and Bordon Business and Enterprise Centre project to contracting.	Chris Quintana	June 2015

## 8. Growing Enterprise Fund

- 8.1 The Board received a paper on the current position of the Growing Enterprise Fund (GEF). The Board noted the progress of projects that had been allocated GEF loans and that contracts would be signed shortly for both Tannery Studios Phase 2 and Addlestone One projects. The repayment of the loan of just over £1.5m for Brightwells, Farnham was due in June. The progress of those projects submitted in round 3 in September 2014 was set out. It was proposed that any projects not in a suitable position to progress by July 2015 should be removed from the GEF programme. The project could be resubmitted when they were further developed but removal of projects from the programme would free-up funds to enable further rounds to be launched later this year.

### Business Incubator Guildford

- 8.2 The due diligence work on the Business Incubator Guildford project had now been completed. The project was being led by Guildford Borough Council and was seeking £110k to support the refurbishment costs of office suites in a building owned by Guildford Council, to transform the space into an incubation centre. The funding would contribute towards repairs, new office furniture and improvements to the existing building.
- 8.3 AECOM considered the project to be strong and there was a clear fit with the Enterprise M3's Strategic Economic Plan. Guildford Borough Council estimated that the project would safeguard and create 100 jobs which was supported by AECOM. As Guildford Borough Council already owned the site the costs associated with the refurbishment were viewed to be reasonable although Guildford Borough Council would be responsible for any cost over-runs. The new refurbished facility could be operational from November 2015 and Guildford Borough Council had already received occupier interest. The loan would be repaid over a three-year period which AECOM concluded would be achievable from the rental receipts.
- 8.4 The project had been considered by the Land and Property Group and the Programme Management Group with unanimous support. However, there was an issue raised over whether the GEF should be used for such small loans and it was proposed there should be a minimum limit set for projects in future. A question was raised by the Board on whether GEF repayments could be used as revenue funding as it was believed this was the practice in other LEPs. Sue Lapham would look into the issue on behalf of the Accountable Body and report back to the Board.
- 8.5 The Board discussed the project and agreed that £110k of expenditure from the Growing Enterprise Fund be approved for the Business Incubator Guildford project and it should progress to contract.



Action to be taken	By Whom	When
Progress the Business Incubator Guildford project to contracting.	Rachel Barker	April 2015
Could GEF repayments be used as revenue funding	Sue Lapham	30 July 2015

## 9. Finance Report

- 9.1 Sue Lapham, Finance Manager at Hampshire County Council reported on the Enterprise M3 final accounts for 2014/15. The summary showed that £9.9m would be available for GEF capital projects in 2015/16, the GEF capital had been allocated although not yet drawn down, it was expected that all GEF capital would be drawn down in 2015/16. The GEF revenue fund closed with £1.4m available for 2015/16. The operational funding closed with a balance of £239k, although a significant amount of this, £90k, was already committed and accrued into the 2015/16 financial year due to activity not being completed in 2014/15, and £80k was the surplus from the Housing and Transport funds which had been amalgamated into the Operational fund. A contingency fund had been established using GEF capital interest accumulated from 2012/13, 2013/14 and 2014/15 totalling £161,153.
- 9.2 The Board noted the financial position of the Enterprise M3 LEP at the end of the 2014/15 financial year and agreed the format of the report of accounts to be brought to future Board meetings.

Action to be taken	By Whom	When
Prepare a statement of accounts to report to each Board meeting	Sue Lapham	30 July 2015

## 10. Growth Hub Update

- 10.1 The Board received and noted the Growth Hub update paper and that the BE Group would attend the July Board meeting to provide a full update.

## 11. Communications Paper

- 11.1 The Board received and noted the Communications paper. There was a request for Board Members to contact Alex Williams with suggestions of speakers or sponsors for the Annual Conference.

Action to be taken	By Whom	When
Advise Alex Williams of suggested speakers or sponsors for the Annual Conference	Board Members	June 2015

## 12. Directors Report

- 12.1 The Board received and noted the Directors Report.

## 13. Forward Programme

- 13.1 The Board received and noted the Forward Programme.

#### **14. Any Other Business**

14.1 Geoff French advised the Board that Kate Dean was attending her last meeting as she was retiring from the Board. The Board Members thanked Kate for her contribution to Enterprise M3 during her time on the Board. Chris Tinker was also coming to the end of his term therefore an advertisement would be going out for new Board members, although it was hoped that Chris Tinker would stand again. The Board was asked to advise Geoff French or Kathy Slack of suggestions for candidates to stand as Board members.

14.2 The future Enterprise M3 Board meetings would be held on

- 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