

Enterprise M3 Programme Management Group

9 May 2019, 10:00-13:00

First Floor South, Room 135, Hampshire CC, The Castle, Winchester

DRAFT MINUTES

Members Attending

Dave Axaam - Chair
Richard Brooks
Rob Carr
Mike D'Alton
David Fletcher
Matt Furniss
Caroline Horrill
Rob Humby
Paul Millin
Kathy Slack

Guests Attending

Jeannie Satchell
Kevin Travers
Justine Davie

Apologies

James Cretney
Deborah Allen
Catherine Turner

1. Welcome and Introductions

- 1.1 Dave Axaam welcomed everyone to the meeting as acting Chair in James Cretney's absence.

2. Minutes of last meeting and matters arising

- 2.1 The minutes of the meeting held on 14 March 2019 were agreed and the actions noted. Kevin Travers provided an update on the progress with the Highways England meeting regarding the Junction 9 Improvements project and advised the Group that a date had not yet been agreed.

| Action to be taken | By Whom | When |
|--|---------------|----------|
| Contact Highways England to convene a meeting with Enterprise M3 and Solent LEPs, with Hampshire County Council, to discuss funding support options for the M3 Junction 9 improvements | Kevin Travers | May 2019 |

3. Declaration of Interest

- 3.1 In addition to all interests previously declared, the following interests were noted:

| Name | Interest | Declared Action |
|--|---|--|
| Caroline Horrill | Sparsholt Animal Health and Welfare Research Facility | Left the room during the decision making |
| David Fletcher and Rob Humby | Farnborough Growth Package and Whitehill and Bordon Sustainable Transport Package | Left the room during the decision making |
| Paul Millin, Matt Furniss and Mike D'Alton | Capital Programme Update - Guildford elements | Remained in room no decisions made |

4. Programme Management Group – Revised Terms of Reference

- 4.1 The Group received a copy of the Revised Terms of Reference for the Programme Management Group. The changes from the previous version were highlighted in the paper. There had been some

details removed as the information was now included in the Enterprise M3 Assurance Framework and there were some changes to the member information.

4.2 The Group discussed the terms of reference and the following additional changes were agreed:

- Para 2.1 change 'LEP Director' to 'LEP Chief Executive'
- Para 2.1 remove 'Additional members for transport related items'
- Para 2.3 change 'Homes and Communities Agency' to 'Homes England'
- Para 3.3 change 'Enterprise M3 Board Member' to 'Enterprise M3 Non-Executive Board Member'
- Confirm reappointment of David Fletcher through Joint Leaders Board
- Confirm reappointment of Catherine Turner with Homes England
- Confirm reappointment of Rob Carr with Accountable Body
- Confirm reappointment of James Cretney and Dave Axam with Enterprise M3 Board

4.3 The Group discussed the terms of reference and in particular the quorate requirement which was set at three members with at least one Enterprise M3 Non-Executive Board Member and one Local Authority representative in attendance. It was agreed that there needed to be flexibility to make decisions, however, there was concern expressed that three members was too low. The Group was advised that the Chair reported to the Board on the PMG meetings so they were aware of decisions being made. Clarification was requested to confirm whether the Board was able to overrule a PMG decision. The Group requested that the view of the Board was sought on the number of members required for the meeting to be quorate.

4.4 The terms of reference were agreed subject to the changes set out. However it was proposed that they were reviewed in six months time to examine attendance levels and identify if the quorate level could be raised to four members with at least one Enterprise M3 Non-Executive Board Member and one Local Authority representative in attendance. It was agreed that when new members were appointed to PMG the requirement to be able to commit the time to attend meetings would need to be highlighted.

| Action to be taken | By Whom | When |
|---|---------------------------------|---------------|
| Update the PMG Terms of Reference as per the changes set out in the minutes | Rachel Barker | May 2019 |
| Clarify whether the Board could overrule a PMG decision | Rachel Barker | July 2019 |
| Seek the view of the Board on the proposed number of PMG members required to attend a meeting to make the meeting quorate | Rachel Barker/ James Cretney | July 2019 |
| Review the PMG Terms of Reference and provide information on attendance levels | Rachel Barker/ Justine Davie | November 2019 |

5. Capital Programme Update

5.1 Kathy Slack reported to the Group on the current position with the capital programme. The Group was advised that the final capital expenditure for 2018/19 was £36.9m which was 100% of the allocation received from Government and above the forecast given at the Annual Performance Review. Of that, £10m was given as loans and would allow Enterprise M3 to re-invest the funding at a later date. The outputs delivered in 2018/19 also gave a strong message to Government with 925 homes, 1,603 jobs and 4,252 sqm of commercial floorspace being achieved which all exceeded the targets. There had been 290 apprenticeships delivered which was below the expected target but not as low as originally feared. The Group thanked the Enterprise M3 team for their hard work in achieving the results.

5.2 The Group received a copy of the Delivery Plan which set out what was expected to be delivered over the financial year 2019/20. The draft Plan was submitted to Government at end April and the final document needed to be published on the website at the end of May. The Plan stated that in

2019/20 Enterprise M3 would deliver £45m capital expenditure, 2,500 jobs created/ safeguarded, 1,000 homes completed, 9,000sqm of new employment floorspace provided, 300 apprenticeships supported and 5,000sqm of learning floorspace created/refurbished. The measures would form the key performance indicators with Government and would be the baseline against which Enterprise M3 would be measured for the Annual Performance Review. PMG would receive regular updates on progress against the targets.

- 5.3 The Group were reminded that the capital programme was in its penultimate year. The Board had agreed that the programme could be over-committed by 10%, therefore it was important to ensure that the contractual commitments were kept under review. There was currently no available funding to be allocated, although changes were anticipated in the programme with projects where funding had not yet been approved by PMG or Board. The EM3 Team would be reviewing the programme in mid-May in advance of a PMG meeting in June to consider new Expressions of Interest.
- 5.4 The Group was updated on the progress with the Guildford Bike Share scheme which had been submitted in February 2019. The revised cost of the scheme was £830k with Local Growth Funding of £300k sought. The scheme proposed to provide 25-30 bike docking hubs with a fleet of approx 150-175 electric bikes. AECOM had carried out a high level assessment but not provided a firm recommendation. AECOM suggested that further research could be conducted about the success of other schemes and the robustness of the existing University of Surrey scheme. It was proposed that a meeting be held with Guildford Borough Council to discuss the issues raised through the scrutiny and then bring a firm recommendation back to the next meeting of PMG. The Group agreed with the suggested approach.
- 5.5 Kevin Travers reported to the Group on the Guildford Housing Zone scheme which had a capital funding request of £7.5m. It was a very complex site with the potential to deliver a large number of outputs however the details for the business case were not yet available and Homes England had advised that a decision on the Housing Infrastructure Fund (HIF) bid would not be available until October/November. Matt Furniss advised that Guildford Borough Council had provided a commitment for spend on the sewerage works which was linked to the project, the only risk was if the new administration retracted the commitment. It was agreed that Enterprise M3 would speak to Homes England to see if they were able to obtain any additional information on the HIF bid. It was agreed that a report would be brought to the July PMG with as much information as was available including all the facts on timing to ensure delivery of the scheme.
- 5.6 Kevin Travers advised the Board that Stagecoach had provided support for the A30 Camberley London Road Highways Improvements which had been requested by PMG before the project was submitted to Board for approval. James Cretney, as Chair of PMG, had been advised and agreed that the project could now be taken forward to Board for approval.

| Action to be taken | By Whom | When |
|--|-------------------------------|-----------|
| Provide regular updates on the progress of the key performance indicators | Rachel Barker | July 2019 |
| Discuss the issues raised on the Guildford Bike Share scheme with Guildford Borough Council and provide a recommendation to the July PMG meeting | Kevin Travers | July 2019 |
| Discuss the Guildford Housing Zone HIF bid with Homes England | Kevin Travers/ Kathy Slack | July 2019 |
| Report the Guildford Housing Zone scheme to the July PMG meeting and include as much information as available | Kevin Travers | July 2019 |
| Submit the A30 Camberley London Road Highways Improvements scheme to Board for approval | Kevin Travers | May 2019 |

6. Capital Projects for Consideration

a) Sparsholt Animal Health and Welfare Research Facility

- 6.1 The Group received a report on the business case received from Sparsholt College for an Animal Health and Research Centre project. The request was for £1.15m capital grant funding with a match of £890k which included contributions from the University of Surrey, employer contributions to the apprenticeship programme and Sparsholt College.
- 6.2 The project would repurpose 971 sqm of existing space and build 825sqm of new facility which would double the area in which the college currently delivered Animal Health and Welfare education and applied research. Over a five-year period the project would provide for a minimum of 250 apprentices and 600 level 4 - level 7 learners. The project would also facilitate a new agreement with the University of Surrey to provide practical experience for over 350 of their students. The project would improve access to digital learning opportunities, in conjunction with the University of Surrey, and link with The Pirbright Institute to extend their existing work at Sparsholt on animal housing airflows and animal disease epidemiology.
- 6.3 Due diligence had been carried out by AECOM and some recommendation and risks had been identified. Sparsholt had provided responses to each of the recommendations and Enterprise M3 was confident that these had been satisfactorily addressed. The legal agreement would reflect the recommendations regarding match funding, cost over-runs and timescales. The due diligence concluded that once the recommendations had been addressed that the capital grant should be approved.
- 6.4 The Group discussed the project and was of the view that it was a good project and was particularly pleased with the rural support and the links to the University of Surrey and The Pirbright Institute. The Group agreed to approve £1.15m capital grant funding to Sparsholt College for the Animal Health and Welfare Research Facility project.

| Action to be taken | By Whom | When |
|--|------------------|----------|
| Proceed the Sparsholt Animal Health and Welfare Research Facility project to contract. | Jeannie Satchell | May 2019 |

b) Farnborough Growth Package

- 6.5 Kevin Travers reported on the business case received from Hampshire County Council (HCC) for the Farnborough Growth Package which requested a capital grant of £6.7m with match funding of £2m from developer's contributions.
- 6.6 The aim of the package was to reduce congestion and improve journey time reliability for traffic on the A325/A3011 corridors. The package would support new floorspace provision and job creation at key employment sites in Farnborough and the Wellesley housing development in Aldershot. The business case acknowledged that the nature of the scheme was an enabler to facilitate growth and new developments as well as support existing developments, as opposed to providing direct benefits. It was estimated that there would be 109 temporary jobs associated with the Lynchford Road highway improvements which would unlock 20% of employment sites adjacent to the scheme. The scheme would proportionally unlock 838 housing units by supporting housing growth in Farnborough through congestion and journey time improvements.
- 6.7 AECOM reviewed the business case and raised comments and questions with the scheme promoter. HCC responded to the questions both in writing and through dialogue. Overall AECOM considered that HCC had put together a good full business case which aligned well with the strategic aims of the overall Farnborough Growth Package. There were no critical or amber issues identified through the scrutiny process. However, four areas where elements could be addressed were identified which related to: the risk that the land transfer approval from the MoD was not successful; sensitivity analysis relating to the certainty of the benefits in relation to low and high growth; the use of the North Hampshire Transport Model to model the growth in travel demand; and, further work required on the impact of the scheme achieving compliance with the EU air quality limit value by 2021. HCC had

agreed to amend the business case to address the scrutiny issues. It was proposed that the scheme be approved providing that HCC addressed the issues identified and that the funding agreement included mitigation measures if the land agreement with the MoD was not concluded successfully.

6.8 The Group discussed the Farnborough Growth Package and in particular the risk associated with the land agreement with the MoD. The Group was advised that HCC were working on the detail and it would be included in the funding agreement however only part of the scheme was affected by the land agreement although that related to a large proportion of the funding. The links to the Farnborough International site were also discussed by the Group. It was requested that the paper to the Board include further information on the position with the land agreement with the MoD and the mitigation measures, provided a breakdown of the costs for each element of the works and confirmation that HCC would meet any cost over-run. It was also suggested that the links to Farnborough International and other works should be highlighted in the Board paper.

6.9 The Group agreed to recommend to Board to approve £6.7m capital funding for the Farnborough Growth Package.

| Action to be taken | By Whom | When |
|--|---------------|-------------|
| Update the report to the Board to included further detail on the MoD land agreement, breakdown of costs of each element, confirmation that HCC would meet cost over-runs and links to other works in the area. | Kevin Travers | 22 May 2019 |
| Recommend to Board to approve £6.7m capital funding for the Farnborough Growth Package, subject to the satisfactory mitigation measure being put in place if the MoD land transfer was not concluded | Kevin Travers | 22 May 2019 |

c) **Whitehill and Bordon Sustainable Transport Package**

6.10 The Group received a report on the business case from East Hampshire District Council in partnership with Hampshire County Council for the Whitehill and Bordon Sustainable Transport Package. The Group and Board had previously considered the business case in July 2018 and agreed to allocate £3.14m capital funding to the scheme. At the time funding was not available for the full scheme therefore the scheme was scaled to meet the funding profile. This report was now being submitted to request allocation of capital funding of £1.324m for the remaining element of the scheme with a match fund of £182,668 from S106 contributions.

6.11 The aim of the scheme was to maximise the town's growth potential whilst capitalising the benefits expected from the Whitehill and Bordon Relief Road. The package proposed walking, cycling and urban realm improvements mainly focussed along the existing A325 and Budds Lane. Since the initial allocation of funding there had been good progress in delivering the package and the contract for the Budds Lane section with construction due to commence at the end of April. The combination of transport interventions would remove barriers to growth and ensure the full potential of ongoing and future regeneration and new development growth was realised. Across the development site in the new Town Centre, there would be a total of 3,350 new homes and new employment development estimated to create 2,702 new permanent jobs.

6.12 Scrutiny on the full business case had been carried out when the scheme was considered in July 2018. The conclusion was that business case was well presented with the key economic benefits identified and there was clarity on what the scheme would deliver.

6.13 The Group supported the scheme and commented on the speed it was being delivered. The joined up working of the scheme was also highlighted as being positive. It was proposed that the sustainable transport element of the scheme was showcased in some communication messages. The Group agreed to approve £1.324m capital grant funding to East Hampshire District Council for the Whitehill and Bordon Sustainable Transport Package.

| Action to be taken | By Whom | When |
|---|-----------------------------|----------|
| Showcase the sustainable transport messages from the scheme | Kathy Slack/ White Label | May 2019 |
| Proceed the Whitehill and Bordon Sustainable Transport Package to contract. | Kevin Travers | May 2019 |

7. LEP Update on Recent Developments

- 7.1 Kathy Slack advised the Group that at the APR the Government had been criticised on the Government Sponsors continually moving on, despite this Enterprise M3 has been allocated another new Government Sponsor.
- 7.2 Issues from the recent local elections would need to be considered which included both Paul Spooner in Guildford and Julia Potts in Waverley no longer being local authority Leaders, and in addition Clive Sanders stepping down in Basingstoke and Keith Mans six-year term coming to an end in July. Caroline Horrill in Winchester was also likely to no longer remain Leader and therefore would no longer be able to stay on the PMG. As this was likely to be Caroline's last meeting the Group wished her well for the future.
- 7.3 Resources, Finance and Audit Committee (RFAC) had discussed the role of the Accountable Body as Enterprise M3 had been criticised at the APR that the Accountable Body had not attended any Board meetings. It was agreed that Rob Carr would attend a Board meeting if it was felt necessary and Jonathan Potter would attend the RFAC meetings.
- 7.4 Dave Axam advised the Group that, at the LEP Chairs meeting, Government had advised that there was a lot of political movement and fighting for funding which was why the APR had been tougher than in previous years. The Government may be required to go through the National Audit Office (NAO) to demonstrate the viability of LEPs. The Public Accounts Committee was taking place the following week and it was expected that Government would be asked a number of questions relating to LEPs. The Group suggested that there should be a lobbying plan to ensure the NAO was aware of the success of Enterprise M3. Rob Humby and Matt Furniss offered to help arrange contact with MP's and Ministers and to communicate the message regarding the success of Enterprise M3.

8. European Programme Update

- 8.1 The Group received and noted the update on the EU programme.

9. Forward Programme

- 9.1 The Group noted the current forward programme.

10. Any Other Business

- 10.1 The future Programme Management Group meetings would be held as follows:

- Tuesday 18 June 2019 – 2pm-3.30pm – Telephone Conference
- Thursday 11 July 2019 – 10am-1pm – HG Wells, Woking
- Thursday 12 September 2019 – 10am-1pm – Rushmoor BC, Farnborough
- Thursday 14 November 2019 – 10am-1pm – Hampshire CC, Winchester
- Thursday 16 January 2020 – 10am-1pm – HG Wells, Woking
- Thursday 12 March 2020 – 10am-1pm – Rushmoor BC, Farnborough