



Driving prosperity in the M3 corridor

Enterprise M3 Board

28 January 2016, 1.00 – 5.00pm

Building 13B, Longcross Studios, Chobham Lane, Longcross, Chertsey, KT16 0EE

MINUTES

Board in Attendance

Geoff French - Chair
Dave Axam
David Barnes
Tim Colman
Ferris Cowper
James Cretney
Nick Elphick
Andrew Lambert
Keith Mans
Peter Martin
Malcolm Parry
Clive Sanders
Mike Short
Christine Slaymaker
Chris Tinker

Guests in Attendance

John Ashcroft
Richard Colley
Kate Cornford
Gareth Ralphs
Marian Sudbury

Tanja Aijo
Lucy Crabtree
Chris Quintana
Kathy Slack
Justine Davie

Apologies

Andy Barr
Zoe Gray
Moira Gibson
Louise Punter
Paul Spooner

Amanda Brooks

1. Welcome from Longcross Studios

- 1.1 Chris Tinker, Executive Board Director and Regeneration Chairman of Crest Nicholson welcomed the Board to Longcross Studios. The Board Members were provided with a tour of Longcross and some details on the history of the site and the current uses. The site was established in 1941 as a military research base to develop and test military vehicles. The site was acquired in 2005 jointly by Crest Nicholson and Aviva and was currently used for filming television and cinema productions. The site was partly located on Surrey Heath Council land and partly on Runnymede Council land. In 2014 consent was granted by Runnymede Council for 200 residential units and an office park on the northern part of the site. An application was due to be submitted in spring 2017 for a further 1,300 residential units on the southern part of the site. The development would include a Suitable Area of Natural Green Space (SANGS) in the form of a country park. Work on the northern part of the site for the 200 residential units was due to commence in May 2016 and if the planning application for the 1,300 units on the southern part of the site was successful work would start on site in spring 2018.

2. Welcome and Introductions

- 2.1 Geoff French welcomed everyone to the meeting, in particular, Nick Elphick who had been appointed to fill the private sector Board vacancy and Chris Tinker who had been reappointed for a further term.

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

4.1 There were no further interests declared in addition those declared previously.

5. Inward Investment in Enterprise M3

5.1 Marian Sudbury, Director of Global Operations – Inward Investment, UK Trade & Investment (UKTI) attended the meeting to provide an overview on inward investment and how UKTI worked with local partners. The Inward Investment element of UKTI dealt with Foreign Direct Investment (FDI) projects which brought new jobs and cash investment to the UK. To ensure projects added value they were assessed on the number of jobs and value of investment as well as export potential, quality of jobs and research and development focus. UKTI provided a number of services to support investment including promoting UK sectors, strategic account management, and influencing policy. UKTI also actively encouraged companies to move their headquarters to the UK by advising on UK business opportunities, key business success factors, operating environment and practicalities such as bank accounts and visas. Advice was also provided to existing investors on competing for further investment.

5.2 There were a number of innovative approaches taken by UKTI to encourage foreign investment: the Regeneration Investment Organisation encouraged overseas investment in areas requiring regeneration; and, the Automotive Investment Organisation was set up to identify what was not currently available in the UK and encouraged companies to move to the UK to produce and supply parts.

5.3 UKTI and Enterprise M3 had discussed working more closely to develop a world class offer. It was highlighted that in order to attract foreign investment there needed to be a larger offer to attract investment to the UK before concentrating the offer on individual geographic areas. Cross-LEP working was important to develop an attractive offer for the international market. The Board discussed inward investment and acknowledged the importance of cross-sector and cross-LEP working to ensure a consistent message was being given out which would provide an attractive offer.

6. Multi-Site Enterprise Zone

6.1 Chris Quintana, Enterprise and Innovation Project Manager, reported on the Enterprise M3 multi-site Enterprise Zone which had been confirmed as one of the 18 new Enterprise Zones in England in the November Comprehensive Spending Review. A Memorandum of Understanding would need to be developed which was expected to include: a 5-year delivery plan setting out how the Enterprise Zone would be set up and operated; the expertise needed to establish and operate the Enterprise Zone; an agreed governance structure; agreements with each local authority; and, plans for marketing the Enterprise Zone. A draft timetable had been prepared which would require the Enterprise Zone delivery plan to be submitted to the Secretary of State by March 2017. There were a number of challenges identified which would be worked through in the development of the delivery plan.

6.2 A proposed governance structure was presented to the Board for discussion which suggested a project management group reporting to a Delivery Steering Group which would then report directly to the Board. The Board discussed the governance structure and there was some concern that the structure could end up becoming overly bureaucratic. It was agreed that it was important that the Delivery Steering Group included the right level of officers from the local authorities involved in the Enterprise Zone and the project management groups for each authority area of the Enterprise Zone could be tagged on to an existing group. It was suggested that a meeting was held with the Solent Enterprise Zone at Daedalus to gain some best practice and learn from their experience.

| Action to be taken | By Whom | When |
|--|----------------|---------------|
| Meet with the Solent Enterprise Zone at Daedalus to gain information on setting up governance and putting together a delivery plan | Chris Quintana | February 2016 |

7. Devolution Update

- 7.1 The Board received an update on the Hampshire and Isle of Wight (HIOW) and Three Southern Counties (3SC) devolution deals. The Cities and Local Government Devolution Bill was due to receive Royal Assent and the amended Bill allowed district councils more flexibility in forming Combined Authorities. Most of the deals agreed so far had featured a new directly-elected mayor and the Government had stated that a directly-elected mayor would be required where substantial powers were to be devolved. HIOW had ruled out adopting an elected mayor and it was understood 3SC had also ruled out a mayor in the short-term.
- 7.2 The Board discussed how to engage businesses and keep them informed of the devolution work. It was agreed that the information provided to businesses needed to be simplified and businesses needed to understand the implications for them. In order to provide a powerful business voice the LEP would need to be recognised within the Combined Authority. A proposed broad set of principles were set out to be used by the Chair when representing the LEP in the devolution debate. The Board was asked to feed any further suggestions to be included in the principles to Geoff French and the sub-group would move forward on the devolution deal work. It was important that the Board championed the Enterprise M3 area and the work of the LEP in any devolution discussions.

| Action to be taken | By Whom | When |
|--|-------------------|---------------|
| Send further suggestions for the broad principles for devolution discussions to Geoff French | All Board Members | February 2016 |

8. Joint Leaders Board Update

- 8.1 Clive Sanders advised the Board that there had been a discussion on devolution at the Joint Leaders Board meeting on 21 January and both Hampshire and Surrey leaders voiced the same concerns. Two areas identified for the Joint Leaders Board to discuss at the next meeting were the Commercial Property Market Study and how it related to place shaping and the Transport Strategy including the cross LEP transport study.

9. Programme Update

- 9.1 Tanja Aijo, Project and Programme Manager, provided a summary of the current position of the Local Growth Fund (LGF) projects. The programme was currently set to spend £33.76m of the £35.3m allocated in 2015/16. All contingencies available had been brought forward and the team was working hard to achieve the remaining £20.33m spend in quarter 4. It was recognised that there could be some further variation to the final spend for 15/16.
- 9.2 The Key Performance Indicators (KPIs) were being progressed and some were proving more difficult to capture than others. The Transport KPIs were being reviewed with Hampshire County Council and Surrey County Council to identify what information was readily available and what would incur significant cost to collect. Information was expected to start coming through on the Skills KPIs in February 2016 as projects were completed. The Housing and Infrastructure KPIs would require further work following publication of the Commercial Property Market Study and the Strategic Economic Plan refresh. The Enterprise and Innovation KPIs were awaiting data from the Growth Hub and from the Annual Business Engagement Survey.

10. Local Growth Fund 3

- 10.1 Tanja Aijo, Project and Programme Manager, reported on the draft prospectus for Local Growth Fund 3 (LGF3) and the initial Expressions of Interest (Eoi) received. Written comments had been received from three organisations on the draft LGF3 prospectus but many favourable verbal comments on the approach being taken had also been received. Changes would be made to the draft prospectus to reflect further developments in the focus of the devolution deals and the announcement on the successful multi-site enterprise zone. The use of a 1% application fee would be clarified and a caveat would be included regarding uncertainty over future funding. It was intended that the broad criteria to be used to assess proposals would also be set out in the prospectus.
- 10.2 The Board was advised that 107 initial Eois had been received, some were highly developed while others provided just a short overview with little or no information on financing. The geographical spread showed 70 Surrey projects and 35 in Hampshire, one covered the whole LEP area and one expanded into adjacent LEPs. Surrey County Council had submitted an overview list of potential projects which was why the number of Surrey projects was high. Over half of the Eois were for transport (55), 30 were for Infrastructure and Housing, 18 for Enterprise and Innovation and 4 for Skills. The majority of projects had been submitted by the public sector (96), 9 were from the private sector and 2 from a public/private partnership.
- 10.3 Project managers had carried out an initial review of the Eois and made a pass/fail assessment on whether the project; would benefit the Enterprise M3 area; contribute to the SEP priorities; costs were within the LGF parameters; was deliverable within a specific timeframe; and, was being led by an organisation with delivery experience and financial standing. The project managers would give initial feedback to all applicants in the coming weeks on how strong their project was and advise on what future work was required. Project managers had selected 12 projects to test out the suitability and effectiveness of the scoring criteria.
- 10.4 There had been some questions raised from looking at the projects: there were a low number of skills projects submitted, would more come forward following the Post 16 Review; should projects that were requesting 'gap funding' be considered; was there potential to expand transport projects across neighbouring LEPs; how could more private sector Eois be encouraged; and, should all remaining funding be committed at an early stage or should some funding be held back for projects that could emerge in future years. It was proposed that the final prospectus would be published in February with a deadline for submission at the end of March. Projects would be reviewed by project managers and action groups before being brought to the Programme Management Group and Board for approval of projects to include in the pipeline.
- 10.5 The Board discussed the proposed timetable and way forward for the LGF3 prospectus. It was agreed that, due to the uncertainty from Government on the amount of funding and when it would be available, the process would need to be flexible. The Board agreed with the timing of the publication and final prospectus in order to develop a pipeline of projects.

11. Growing Enterprise Fund

- 11.1 Tanja Aijo, Project and Programme Manager reported on the progress of the Growing Enterprise Fund (GEF) and the projects received as a result of the launch of the fourth round. Since the last meeting repayments of £400k had been received from Woking Borough Council for Sheerwater Access Road and the Business Incubator project had been withdrawn from the programme. Legal agreements for both Chapel Hill, Basingstoke and Tannery Studios Phase 2 were due to be signed by end of January 2016.
- 11.2 The fourth round of the GEF was launched in September 2015 with a closing date of 11 December. Interest in the fund had been good and the team had held several detailed meetings with organisations that were developing expressions of interest. Three expressions of interest were received by the deadline, although following initial feedback one was withdrawn to carry out

further work, it was expected to be resubmitted at a future date. A second was withdrawn following difficulties securing a bank loan, but work would continue with the applicant and the application could be resubmitted if alternative funding was identified.

- 11.3 An expression of interest had been received from WSX Enterprise for £155k to support capital works to renovate additional premises in the Aldershot Enterprise Centre. The funding was to contribute towards IT upgrade costs, renovation of communal areas, redecoration, IT suite and disabled access. The Centre opened in the middle of 2015 and currently had a 60% occupancy rate, WSX Enterprise was looking to provide a further 8,000 sqft of office accommodation through the expansion. It was likely that the Centre would be operational for 5-years which was the current term of WSX Enterprise’s lease with Grainger. The project was estimated to create approximately 50 new jobs over the five years, the Land and Property Group thought that the figure was optimistic. The modelling in the application anticipated that 30% (£46,500) of the Growing Enterprise Fund would be returned in three annual payments (£15,500 each in October 2017, October 2018 and October 2019).
- 11.4 All GEF projects supported to date had been on a loan basis and the prospectus set out that grants would only be agreed when the economic benefits were significant. The Aldershot Enterprise Centre only provided short/medium term benefits as the lease was only for five years therefore the project team and the Land and Property Group were of the view that the project was not suitable for GEF at this time. However, the Programme Management Group (PMG) discussed the project and, although recognising that the lease was only short-term was of the view that as it was a small funding request which provided tangible benefits of 50 jobs in one of Enterprise M3’s step-up towns, it should be supported. PMG was of the view that as long as the demand for the additional space and the output of 50 jobs could be demonstrated there should be flexibility with the funding and therefore PMG supported the project being progressed to due diligence.
- 11.5 Following PMG, WSX Enterprise had provided further information on occupancy and had requested repayment of the 30% in three annual payments. The Board was of the view that the amount repaid by WSX Enterprise should be higher than 30% of the original loan. The Board agreed that the project be progressed to due diligence, however the due diligence would need to be proportionate to the scale of the project.

| Action to be taken | By Whom | When |
|---|------------|---------------|
| Progress the WSX Enterprise GEF application for Aldershot Enterprise Centre to due diligence. | Tanja Aijo | February 2016 |

12. Finance Report

- 12.1 Kathy Slack provided an update on the 2015/16 forecast position and presented the proposed budget for 2016/17. The original operational budget had allowed for a draw on reserves of £283k, the latest projections indicated a deficit of only £156k which was due to an increase in the forecasted income and savings from the agency staff budget. The budget for 2016/17 was set out with forecast income of £850k and forecast expenditure of £833k for the operational fund and forecast expenditure of £336k for the GEF revenue fund. There was potential expenditure that would be required on devolution and post 16 review which was not currently included in the forecast. Expenditure for 2016/17 would continue to be monitored and forecasts would be adjusted throughout the year and the Board would receive regular updates.
- 12.2 The Board discussed the report. An opportunity was highlighted in the form of the £1.5bn global challenge funding and it was agreed that consideration should be given to any projects that could be put forward for this fund.
- 12.3 The Board agreed the budget for 2016/17 and agreed delegated authority for the LEP Director to manage day to day spend in line with the headline income and expenditure figures provided.

It was requested that the format of the report was changed to show clearly the variances in spend against the budget.

| Action to be taken | By Whom | When |
|---|------------|---------------|
| Revise the format of the finance report to show the variance in spend against the budget. | Alex Piper | February 2016 |

13. Enterprise M3 Business Plan

13.1 The Board received a preliminary draft of the Enterprise M3 Business Plan for 2016/17. The document aimed to give an over view of the main projects Enterprise M3 would be working on in 2016/17. A more developed draft would be sent to stakeholder for consultation in March but Board Members were invited to send early feedback on the draft version.

| Action to be taken | By Whom | When |
|---|-------------------|---------------|
| Feedback on the preliminary draft Business Plan | All Board Members | February 2016 |

14. European Update

14.1 The Board received and noted the European Programme update.

15. Communications Paper

15.1 The Board received and noted the Communications update.

16. Directors Report

16.1 The Board received and noted the Directors Report.

17. Forward Programme

17.1 The Board received and noted the Forward Programme.

18. Any Other Business

18.1 The Chair advised the Board that Christine Slaymaker was retiring as Principal of Farnborough College of Technology and would therefore be stepping down as an Enterprise M3 Board Member. The Board thanked Christine for her valuable contribution to the Enterprise M3 LEP.

18.2 The future Enterprise M3 Board meetings would be held on

- Thursday 31 March, 2016 – Basing View, Basingstoke
- Tuesday 24 May, 2016 – venue TBC
- Tuesday 26 July, 2016 – venue TBC
- Thursday 29 September, 2016 – venue TBC
- Tuesday 29 November, 2016 – venue TBC
- Tuesday 31 January, 2017 – venue TBC
- Tuesday 28 March, 2017 – venue TBC