



Driving prosperity in the M3 corridor

Enterprise M3 Board Meeting

26 July 2016, 1.30 – 5.00pm

Careys Manor Brockenhurst, New Forest, Hampshire, SO42 7RH

MINUTES

Board in Attendance

Geoff French - Chair
Dave Axam
Tim Colman
James Cretney
Nick Elphick
Moirra Gibson
Andrew Lambert
Keith Mans
Louise Punter
Clive Sanders
Mike Short
Paul Spooner

Guests in Attendance

Bob Jackson
Ben Pledger
Kate Cornford

EM3 Team

Kathy Slack
Tanja Aijo
Chris Quintana
Justine Davie

Apologies

David Barnes
Andy Barr
Ferris Cowper
Zoe Gray
Tim Jackson
Malcolm Parry
Peter Martin
Chris Tinker

1. Introduction to the New Forest

- 1.1 Bob Jackson, Chief Executive of New Forest District Council welcomed the Board to the New Forest. The population of the New Forest District Council area was 180,000, the National Park covered approximately 70% of the area but only accommodated 19% of the population. There were around 8,000 businesses in the area many of which fell into the small or micro business category. There were a number of food and drink processing businesses in the area and there were opportunities for increased productivity in unmanaged woodlands. The main issue for the area was the provision of high speed broadband and affordable housing.
- 1.2 The Council promoted a quality brand and quality visitor attractions with Paultons Park and Beaulieu, and a number of top quality hotels were located in the area. Over half a billion pounds was generated from visitors to the area.
- 1.3 Bob Jackson thanked the Board for the Local Growth Fund investment in the Brockenhurst Skills Centre which would help boost skills in the area. The work with Solent LEP on cross boundary issues especially around the maritime fund was much appreciated. The area was split between Enterprise M3 and Solent LEAs and it was important for New Forest District Council that the LEAs worked together. The New Forest also worked with Dorset LEP and it would be helpful if Enterprise M3 could develop a closer relationship with Dorset LEP. It was appreciated that the Board had selected Brockenhurst for their Board meeting and that some members had taken the time to visit the New Forest Show.

2. Welcome and Introductions

- 2.1 Geoff French welcomed everyone to the meeting.

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 In addition to all interests previously declared, the following interests were noted:
- Paul Spooner declared an interest in the SARP/Clay Lane Link Road and left the room during the decision making.
 - James Cretney declared an interest in the Marwell Energy for Life item and left the room during the decision making.
 - Keith Mans declared an interest in the Gateway to the National Parks item and left the room during the decision making.

5. Local Growth Fund 3 – Bid for Funding

Note: Kate Cornford and Ben Pledger left the room during the discussion on the Local Growth Fund 3 item.

- 5.1 The Board received a report on the LGF3 process for compiling the bid and was asked to approve the final version of the Enterprise M3 Growth Deal bid which had to be submitted by midday on 28 July. The bid document had been updated following the challenge session which had highlighted areas that needed to be strengthened, in particular the national and international significance of Enterprise M3. A draft of the final version was circulated and the Board was advised that further work was still being carried out. The priority order of the projects had been agreed by the Programme Management Group and included on the spreadsheet that would accompany the bid document.
- 5.2 The Board discussed the draft bid document and approved the current version with some suggested improvements.
- An infographic with the important key bullet points to be included before the summary at the beginning of the document.
 - Include a paragraph to demonstrate that Enterprise M3 could act as a hub to work with other LEPs on 5G capability.
 - In post Brexit information state that Enterprise M3 already had a high scientific profile and investment was required to retain and build on what was already in place.
- 5.3 The Board acknowledged that the draft version would be amended to ensure all figures were correct and any typing errors were corrected. The comments would be taken on board and the final bid document would be circulated to the Board.
- 5.4 Kate Cornford and Ben Pledger returned to the room and were asked if an organogram showing who was responsible for the various sections in BIS and DCLG could be provided to be circulated to the Board. The Board also asked for details on the criteria that would be used to assess the LGF3 bids. The Board was advised that the criteria would be as set out in Greg Clark’s letter sent out at the start of the process.

Action to be taken	By Whom	When
Circulate the final version of the LGF3 bid document and accompanying papers to the Board.	Kathy Slack	30 July 2016
Send an organogram showing areas of responsibility in DCLG and BIS for circulation to the Board.	Kate Cornford	30 August 2016

6. Rural Action Group

- 6.1 James Cretney, Lead Board Member on the Rural Action Group updated the Board on the work of the Rural Action Group. The rural economy was important to the Enterprise M3 area as 15% of the economic output was generated from rural locations. Enterprise M3 had a

population of 1.6 million of which 33% resided in rural locations, the 11th highest rural population of all LEPs and the 7th highest number of rural business units. Enterprise M3 was also one of only two LEPs to have two national parks within its boundaries.

- 6.2 Rural areas faced a number of challenges including a shortage of affordable rural housing, limited access to high-speed broadband/mobile internet and transport issues. The Rural Action Group aim was to support the rural economy. During 2015/16, £12.2m from the LGF had been allocated to projects that supported the rural economy along with a further £1.3m from the Growing Enterprise Fund and three calls for proposals over £1.5m from the European Agricultural Fund for Rural Development.
- 6.3 One of the key projects for Enterprise M3 was the development of the woodland resource. It had been identified that vast areas of woodland were unmanaged and unproductive and required capital investment to help drive more efficient usage. The Woodfuel Hub project had secured £1.5m of LGF to develop a network of woodfuel hubs across the area to help manage and improve woodland efficiency. A similar growth package had been secured from Coast to Capital LEP and together the programmes would provide a fully integrated network across the whole of Surrey and into the adjacent Hampshire and Sussex areas. In support of the LGF Woodfuel Hub project Enterprise M3 had also secured an EU funding option under European Regional Development Fund to stimulate the heat market by promoting opportunities, facilitating supply chain development and encouraging knowledge transfer of best practice. The Rural Action Group had been keen supporters of the project and would be working with project partners to develop its impact.
- 6.4 The Board requested that a copy of the speaking notes be circulated as there was a lot of information that it was felt was not well known across the wider area. It was suggested that the presentation was put on the website with some of the text to promote the Enterprise M3 rural economy.

Action to be taken	By Whom	When
A copy of the notes on the Rural Action Group to be circulated to the Board	Justine Davie	31 August 2016
Consider how to utilise the presentation on the Enterprise M3 website	Sarah Carter	31 August 2016

7. Europe

- 7.1 The Group was advised on the issues relating to the EU programme following the vote to leave the EU. The European Structural and Investment Fund (ESIF) programme was committed for a period of 7 years from 2014-2020 however it was possible that there could only be 2-years to spend the funds from the time that Article 50 was triggered by Westminster. It was important for the LEP to push Government to press ahead with contracting to get as much funding out to businesses as possible and a letter had been sent to the head of the Growth Delivery Team on behalf of Enterprise M3 on 1 July 2016.
- 7.2 The next round of European Regional Development Fund (ERDF) had been planned for 18 July but it was expected that it would be difficult to engage support from bidders and was likely to be delayed. Four calls plus a national call for ERDF had been issued however there were no ERDF projects contracted due to delays by the MAs and this was now compounded by the pause in issuing contracts due to the result of the referendum. The European Management Group was concerned that the 2018 spend target was now unlikely to be met and the matter was being raised with the GTV LEP Group, the LEP Network and Ministers.
- 7.3 The Board raised concerns regarding the EU funding and agreed it was important that some guidance was provided soon. It was suggested that a letter was sent to George Hollingbery, MP for Meon Valley and the Prime Minister's Parliamentary Private Secretary, setting out our concerns and other LEPs should be encouraged to do the same.

Action to be taken	By Whom	When
Send a letter to George Hollingbery setting out our concerns relating to EU funding	Kathy Slack	31 August 2016

8. Commercial Property Market Study

- 8.1 The Board was shown a copy of the final report of the Enterprise M3 Commercial Property Market Study which would be officially launched at the Enterprise M3 infrastructure event on 19 September 2016. It would be available to download from the Enterprise M3 website before the official launch. The Land and Property Action Group would be completing an action plan to take forward the recommendations of the report. The action plan would include working with local authorities as they prepare local plans and updates, work with Invest in Hampshire and Invest in Surrey to ensure they are both focussed on opportunities from London relocations and draw on evidence to identify priorities in the next draft of the SEP. The Board endorsed the final report of the Enterprise M3 Commercial Property Market Study.

Action to be taken	By Whom	When
Advise the Board when the final report was available on the Enterprise M3 website	Justine Davie	31 August 2016

9. Devolution

- 9.1 Clive Sanders updated the Board on the current position with the Hampshire devolution proposal which was still unclear. Hampshire County Council had launched a consultation proposing a number of options including a large unitary authority and district Councils were carrying out a complementary piece of research. Further discussion was required with Leaders, officers and LEPs to find a sensibly way forward, possibly a hybrid solution.
- 9.2 Kathy Slack advised the Board that Three Southern Counties had been very active with a number of meetings being held at officer level on transport, digital and skills. A joint letter had been sent to Government signed by all local authorities and LEPs setting out what the partnership group wanted to do and the way forward. However, there was still an issue with some local authorities not supporting a directly elected mayor. There needed to be some clarity from Government on the position with directly elected mayors.
- 9.3 Geoff French raised the issue of a sub-national transport body and advised the Board that discussions would take place with neighbouring LEPs and local authorities on potential future structures. The Transport Study had been submitted to Andrew Jones MP, Parliamentary Under Secretary of State for Transport and a meeting was expected to be called to discuss the Transport Study and a possible sub-national transport body.

Action to be taken	By Whom	When
Seek clarification from Government on the current position on directly elected mayors	Kathy Slack	31 August 2016
Write to Andrew Jones to encourage a meeting to discuss the Transport Study and sub-national transport body	Geoff French	31 August 2016

10. Joint Leaders Board

- 10.1 Clive Sanders advised the Board that a special meeting of the Joint Leaders Board had been held on 21 June and a scheduled meeting had taken place on 14 July. At both meetings the LGF3 projects had been discussed and there had been unanimous support for the proposed projects.

11. Directors Report

- 11.1 The Board received an update on the progress of a number of areas of work within the Enterprise M3 Team. There had been a lot activity since the last Board meeting and the staff had been extremely busy. The Board acknowledged the amount of work that had taken place over the last few months and thanked the staff for all their hard work and for the standard of the work that had been produced.
- 11.2 A regular fortnightly telephone call was being held with the Chambers, FSB, IOD, Growth Hub, local authorities and economic intelligence unit to share evidence on the impact of Brexit. The call had proved very successful with information flowing in from a variety of sources. The information was pulled into a summary which was being shared with Government. All LEPs were being encouraged to replicate the approach to provide a comprehensive LEP view across the country. It was advised that the new Minister should be informed that this work was being carried out. It was suggested that arrangements were made with Ministers during the recess to invite them to upcoming events to make them aware of successes in the Enterprise M3 area.

Action to be taken	By Whom	When
Compile a list of events that would be suitable for Ministerial visits	Justine Davie	31 August 2016

12. Local Growth Fund Project for Approval

a) Aldershot Town Centre Regeneration and Railway Station – Phase 1

- 12.1 The Board received a report on the Aldershot Town Centre Railway Station – Phase 1 project. The total cost of the scheme was £1.8m with a Local Growth Fund request of £900k, the remainder of the cost would be met through match funding from Rushmoor Borough Council (£620k), Hampshire County Council (£180k) and South West Trains (£100k). The scheme was an integral part of strengthening Aldershot Railway Station as an important gateway into the town centre. It would also unlock the existing business site to deliver new housing and commercial units.
- 12.2 The proposed scheme would rationalise land use in and around the railway and bus stations by creating an improved public transport interchange within the forecourt of the railway station, improve pedestrian linkages into the town centre and unlock a development site adjacent to the railway. The regeneration of the existing bus station would create approximately 30 new homes in a highly sustainable location. In addition there was scope to create approximately 480m² of modern, fit for purpose commercial floor space for retail uses typically associated with a transport interchange. It was anticipated that the regeneration of the wider site would generate a further 70 homes.
- 12.3 The project had been assessed by AECOM and further clarity had been requested on how the redevelopment of the car park and forecourt was related to the redevelopment of the bus station. There was also a request for the bus station landowner to be asked for a financial contribution to the scheme. Rushmoor Borough Council had demonstrated that the forecourt proposal would accelerate delivery of the bus station site which was accepted by AECOM. Rushmoor Borough Council would seek a planning obligation payment once the planning application had been submitted.
- 12.4 The Programme Management Group had discussed the project and considered it was well presented and would deliver strong economic benefits. The Group recommended to the Board that £900k of grant expenditure from LGF be approved for project.
- 12.5 The Board agreed that £900k of grant expenditure from LGF be approved for the Aldershot Town Centre Regeneration and Railway Station – Phase 1 project. It was requested that a digital strategy was included in the contract requirements.

b) SARP/Clay Lane Link Road

- 12.6 The Board received a report on the Clay Lane Link Road Phase 1 project which would provide the necessary access to develop expansion sites within the Slyfield industrial estate. The total cost of the scheme was £3.5m, with a Local Growth Fund request of £1m, the remainder of the cost would be met through match funding from Guildford Borough Council of £350k and a £2.15m loan from the Public Works Loan Board.
- 12.7 The project would address issues with two major allocated but undeveloped sites to the east of the SARP area which were required for the new sewage treatment works and new council depot. The development was currently not possible due to the absence of road access. The SARP/Clay Lane Link Road would help facilitate the development of a major brownfield housing site as well as providing direct access to two new industrial units. Overall the redevelopment as a whole would generate 2,152 construction jobs, provide 6,500m² of additional commercial floor space, 1,057 new homes and increase Guildford's GVA by 2.8%.
- 12.8 The project had undergone due diligence by AECOM which raised a number of clarification issues and questions which had been addressed by the scheme promoter. Overall AECOM considered the business case to be robust and the links between housing delivery and the impacts on the wider road network had been well presented. There was work required on the risk allocation and Guildford Borough Council would carry out further work related to the detailed cost assumptions. There were some risk issues around delivery which the promoter would address by means of section 106 agreements.
- 12.9 The Programme Management Group discussed the project and recommended to the Board that £1m of grant expenditure from LGF be approved for the project.
- 12.10 The Board agreed that £1m of grant expenditure from LGF be approved for the SARP/Clay Lane Link Road project.

c) Marwell Energy for Life

- 12.11 The Group received a report on the Marwell Wildlife Energy for Life project which would provide a low carbon energy and waste management centre and tropical house visitor attraction with public engagement space. The project had been brought forward for early delivery from the LGF 3 expressions of interest. The overall cost of the project was £7.8m, the LGF request was £1.5m with the remainder of the funding being matched by Marwell's cash reserves and a bank loan.
- 12.12 The project would provide a combined heat and power plant which would generate energy through a combination of the anaerobic digestion of zoo animal waste and locally sourced woodchip biomass. The animal waste would be managed on site saving around 150 waste disposal lorry journeys per year and eliminate the need for processing elsewhere. The project would be an important step towards a long term goal for Marwell Wildlife to become carbon neutral. The project also supported the SEP in promoting a shift towards a low carbon economy through the development of new technologies.
- 12.13 The project had undergone due diligence which had highlighted some areas where further information was required. The Programme Management Group discussed the project and agreed that further clarity was required on the job roles linked to the project. The Group agreed that it was a good project which built on existing projects already funded. The Group recommended to the Board that £1.5m of grant expenditure from LGF be approved for the project, subject to satisfactory responses being received to the due diligence queries.
- 12.14 The Board discussed the project and an issue was raised regarding whether any special charity rules would apply and if there were options to increase the funding through gift aid. The issue would be considered in the contract and written in if required. The Board agreed that £1.5m of grant expenditure from LGF be approved for the Marwell Energy for Life project.

d) Gateway to the National Parks

- 12.15 The Board received a report on the Gateway to the National Parks project which would deliver significant improvements to the existing National Park facilities within Lepe Country Park in the New Forest. The total cost of the project was £2.7m with an LGF request of £850k and the remainder of the funding being matched with £1.655m of capital funding from HCC, £145k from Army Covenant funding and £50k from New Forest District Council.
- 12.16 The proposal was that HCC would use the funding to deliver a new visitor centre at Lepe Country Park with improvements to the car park, interpretation and trails through the park. The work would be ready to commence in November 2016 as the planning permission had been submitted in June 2016 and the decision was likely in September 2016.
- 12.17 The project had been subject to due diligence by AECOM which concluded that the project had a strong strategic fit with the SEP priorities and there was a high proportion of match funding. The project had been brought forward from the LGF3 list of expressions of interest as it was ready to spend in 2016/17.
- 12.18 The Programme Management Group discussed the project which included a request for funding for the Queen Elizabeth County Park in addition to Lepe Country Park. As the project had been brought forward as an early start project from the LGF3 expressions of interest the Group agreed that as only the Lepe Country Park element could spend in 2016/17 only that phase should be approved. The Group recommended to the Board that £850k of grant expenditure from LGF be approved for the Lepe Country Park phase of the Gateway to the National Parks project.
- 12.19 The Board discussed the project but further clarity on the costs for the Lepe Country Park phase was requested, a revised paper would be circulated to the Board for approval. It was also requested that a requirement for a digital strategy was included in the contract. The Board agreed that £850k of grant expenditure from LGF be approved for the Lepe Country Park phase of the Gateway to the National Parks project, subject to a revised paper being circulated providing clarity on the costs¹.

Action to be taken	By Whom	When
Progress the Aldershot Town Centre Regeneration and Railway Station – Phase 1 project to contracting	Kevin Travers	August 2016
Progress the SARP/Clay Lane Link Road project to contracting	Kevin Travers	August 2016
Progress the Marwell Energy for Life project to contracting	Chris Quintana	August 2016
Circulate a revised report on the Gateway to the National Parks project, focussing on Lepe Country Park, for approval before progressing to contracting	Alex Piper/ Justine Davie	August 2016
Include a requirement for a digital strategy in the contract for the Lepe Country Park project	Alex Piper	August 2016

13. Local Growth Fund Programme Update

- 13.1 Tanja Aijo, Project and Programme Manager provided an update on the Local Growth Fund programme. For quarter 1 of 2016/17 it was expected that £5m of expenditure would be paid out. The forecast for 2016/17 was for £83.2m of expenditure against the £76.1m allocation

¹ Post Meeting Note: A revised paper was circulated by email on 2 August. The paper was approved via the written procedure that ended on 12 August.

which represented 10% over profiling. The dashboard was currently being updated by Surrey County Council to include 2016/17 projects and would be presented to the Board in September.

13.2 The Local Transport Majors Fund deadline for submissions was 28 July 2016. Work had been carried out with Hampshire and Surrey County Councils and three potential projects were identified. In view of the competitive nature of the fund and the resources necessary to develop a strong proposal the Transport Action Group (TAG) recommended that only one submission was made. The TAG recommended the Basingstoke bus-based rapid transport network as the strongest and most developed of the proposals and agreed to work with HCC to put together a funding bid of £325k for scheme development costs. It was estimated that the total project would cost in excess of £100m and would aim to link the whole town together, in particular it would provide links to planned and proposed housing developments. The scheme would reduce delays at peak periods and improve journey time reliability.

14. Finance Report

14.1 The Board noted the current financial position for 2016/17.

15. Growing Enterprise Fund

15.1 The Board received and noted the Growing Enterprise Fund paper.

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 29 September, 2016 – Sandown Park Racecourse, Esher
- Tuesday 29 November, 2016 – ViaSat, Aldershot
- Tuesday 31 January, 2017 – University for the Creative Arts, Farnham (TBC)
- Tuesday 28 March, 2017 – BMW Head Office, Farnborough