

**Enterprise M3 Board Meeting**

**24 May 2018**

**Enterprise M3 Governance – Item 5**

Enterprise M3 Board is asked to:

**i) Board Membership and Recruitment**

**NOTE** the progress made on the recruitment of a new Chair and private sector Board Members for Enterprise M3 and formally **AGREE** the appointment of the new Board Members.

**AGREE** the Terms of Reference for the Programme Management Group (PMG) following the agreement of delegated authority for PMG.

**1. Board Membership and Recruitment – process**

- 1.1 Dr. Mike Short informed the Board at the meeting in November 2017, that due to his recent appointment as the Chief Scientific Advisor at the Department for International Trade he would no longer be able to serve as the Chairman of Enterprise M3 as he is now classified as a civil servant. Government agreed that Mike would be able to remain as Chairman of the Board until March 2018 to allow for a replacement to be found. The Board noted this approach at the Board Meeting and agreed that work should commence on a recruitment process for a new Chair. Alongside this process, it was agreed that Enterprise M3 should seek new Board Members to fill existing vacancies and those that will arise throughout the course of 2018. Improving the diversity of the Board has been a key point of emphasis for this exercise.
- 1.2 The Nominations Committee have been overseeing this work, partnering with Executive Search Agency Perrett Laver. Overall, the recruitment exercise has been extremely positive with a large number of applications (nearly 60 in total) received for the Board Member roles. Feedback from prospective candidates about Enterprise M3 and LEPs generally has been consistently positive and the quality of the applications received was high.
- 1.3 In relation to the Chair role, we would have welcomed a larger field for this role. Even with the introduction of remuneration for the role of Chair, we still received consistent feedback about the level of time commitment and that the type of candidates that we are seeking to attract will often struggle to accommodate such a role within their portfolio. However, the quality of the field meant that we were able to interview prospective candidates for the Chair role. The panel for interviews consisted of Mike Short, James Cretney, Clive Sanders and Kathy Slack. A recommendation was agreed by the full Enterprise M3 Board early May 2018 to appoint Dave Axam as Enterprise M3 Chair until the end of his Term of Office in November 2020.
- 1.4 The Nominations Committee, chaired by Mike Short is overseeing communications activity and next steps associated with the Chair post. Critically, this includes agreeing a key set of deliverables for the role of Chair which can be shared with the full Board in due course, along with a proposal for how these will be assessed. A verbal update on the progress of this work will be given at the Board Meeting.
- 1.5 At the time of preparing this report, the process of interviewing all the candidates for the role of private sector Board Member is yet to conclude and an interview with the final prospective candidate will take place on Friday 18 May. A verbal update following this interview will be given at the Board Meeting on 24 May 2018. However, as the Board has at least four vacancies for private sector Board Members in 2018, the Nominations Committee would like

to recommend the appointment of three new Board Members in May 2018, joining the Enterprise M3 Board for a three-year term of office. These three new Board Members are Barney Ely, Deborah Allen and Stacey King. The Board's approval to these new appointments is sought.

- 1.6 This recruitment exercise has been extremely positive and has brought numerous opportunities to extend our reach into senior players in our business community. The team and the Nominations Committee will continue to strengthen these relationships and increase engagement in our activity. Our forthcoming AGM will be an opportunity to introduce Dave Axam as our new Chair and to undertake further communications activity around our new Board Members.

## **2. Programme Management Group – delegated authority**

- 2.1 At the March 2018 Board Meeting, the Board agreed to delegate authority to PMG so that they can approve projects seeking Enterprise M3 funding of less than £3m. Following this agreement, work has been conducted on the Terms of Reference for PMG to reflect these changes and ensure that Enterprise M3 is compliant with the required governance expectations.
- 2.2 PMG reviewed the Terms of Reference included at Annex 1 at their meeting on 10 May 2018 and these are now presented to the Enterprise M3 Board for approval. If approved, the terms of reference for PMG will be published on the Enterprise M3 website.

Rachel Barker

17 May 2018



## Programme Management Group – Terms of Reference

May 2018

### 1 Introduction

- 1.1 This paper set outs a governance proposition for domestic funding within the Enterprise M3 area. Enterprise M3 will oversee the delivery of Local Growth Fund (LGF) projects, as well as continuing to oversee its Growing Enterprise Fund (GEF) programme.
- 1.2 The role of the Programme Management Group (PMG) will be to oversee Enterprise M3's domestic funding programme, encompassing both the LGF and the GEF and direct funding for the Enterprise M3 Growth Hub. The PMG also plays a key role in ensuring the LEP's European Structural and Investment Funding (ESIF) is aligned with domestic funding.
- 1.3 Following agreement by the Enterprise M3 Board on 29 March 2018, the PMG has decision making powers for projects that are seeking a funding contribution of less than £3m from Enterprise M3. Projects seeking a larger funding contribution must be approved by the Enterprise M3 Board.

#### Role

- 1.3 Using the Enterprise M3 Strategic Economic Plan (SEP), emerging Local Industrial Strategy and Growth Deal as a guide, the group will approve projects and/or make recommendations to the Board about the allocation of funds across a range of projects within this programme of activity. These recommendations will be based upon the following three criteria:
  - *Fit with the priorities set out in Enterprise M3 Strategic Economic Plan and other economic strategies;*
  - *Deliverability of the proposal to the specified budget and timescale;*
  - *Economic outcomes that will result from the delivery of the proposal;*
- 1.4 The PMG will be supported by the Enterprise M3 Action Group structure. Action Groups will play a role in providing specialist advice and recommendations to the PMG and to the Board around particular projects. Details of Enterprise M3's current Action Groups, including Terms of Reference for each group are published on Enterprise M3's website.
- 1.5 The PMG will approve projects seeking a funding contribution of less than £3m from Enterprise M3 and also will make recommendations to the Enterprise M3 Board on projects with a funding contribution from Enterprise M3 which exceeds £3m. In carrying out these functions, it is proposed that the PMG will undertake the following roles:
  - Review potential bids for future rounds of the LGF and GEF and agree the relative priority of such proposals, providing recommendations to the Board where projects exceed PMG's financial delegation.
  - Review due diligence and other assessments of LGF and GEF projects, based on advice from the Action Groups.
  - Approve individual schemes, investment decision making and the release of funding, including scrutiny of individual business cases for any projects seeking contributions from Enterprise M3 of less than £3m.
  - Provide recommendations to the Board on individual scheme approvals, investment decision-making and the release of funding, including scrutiny of individual business cases for any project seeking contributions from Enterprise M3 exceeding £3m;

- Promote development of a pipeline of reserve projects, along with aspirational projects to attract funding in future years;
- Play a role in overseeing the impact evaluation of the LGF and GEF programmes, and consider which new schemes should be recognised as of particular strategic importance and therefore be subject to an independent impact evaluation;
- Assess scheme cost increases, taking decisions on cost increases of more than 10% and less than 20% of a scheme's total LGF/GEF budget, and to make recommendations to the Board around any increases greater than this or where the increase exceeds £3m;
- Ensure the Local Growth Fund and Growing Enterprise Fund are effectively aligned with other sources of funding, including EU funds and the Enterprise M3 Growth Hub, and are used to derive effective value for public funds;
- Regularly review its operation to ensure that it remains fit for purpose; and
- Carry out any other relevant functions as required and agreed by the Enterprise M3 Board.

1.6 PMG has a responsibility for appraising transport schemes that rested previously with the Local Transport Body (LTB), before it was disbanded. These responsibilities are reflected in Annex A "*Additional responsibilities in relation to transport schemes*".

## 2 Membership

2.1 The following membership is proposed:

3 x Private Sector Enterprise M3 Board member (1 to chair)

2 x Local Authority Member

2 x Local Authority Senior Officer

1 x Homes England representative

1 x Accountable Body representative

1 x LEP Director

### **Additional members for transport-related items:**

2 x Local Authority Transport Lead Members

1 x Private Sector Chair of Enterprise M3 Transport Action Group

2.2 The chairs of the Enterprise M3 Action Groups will be invited to attend relevant parts of meetings in an advisory capacity as the PMG considers relevant projects at the discretion of the Chair. Other guests can also be invited at the discretion of the Chair.

2.3 The table below gives details of the members of the Programme Management Group:

<b>Representing</b>	<b>Selection Methodology</b>	<b>Date of first meeting</b>	<b>Member</b>
3 x Private Sector Board member	Enterprise M3 Board to select at Board Meeting	November 2014 November 2014 January 2018	James Cretney, (Chair) Dave Aham Nick Elphick

<b>Representing</b>	<b>Selection Methodology</b>	<b>Date of first meeting</b>	<b>Member</b>
2 x Local Authority Member	To be selected by Enterprise M3 Joint Leaders' Board.	July 2017  July 2017	Cllr John Furey, Surrey County Council  Cllr David Clifford, Rushmoor Borough Council
2 x Local Authority Senior Officer	To be selected by Enterprise M3 Joint Leaders' Board	January 2017  November 2014 (re-appointed in 2016)	David Fletcher, Hampshire County Council  Kevin Lloyd, Surrey County Council
1 x Homes and Communities Agency representative	HCA representative to continue role on PMG	January 2017	Catherine Turner, Homes England
1 x Accountable Body representative	This should be someone able to act on behalf of the s151 Officer of the Accountable Body. To be nominated by the Accountably Body.	November 2014 (re-appointed in 2016)	Rob Carr, Hampshire County Council
1 x LEP Director	N/A	N/A	Kathy Slack, Enterprise M3
2 x Local Authority Transport Lead Members	To be nominated by the highway authorities	July 2017  May 2016	Cllr Colin Kemp, Surrey County Council  Cllr Rob Humby, Hampshire County Council
Private Sector Chairman of LEP Transport Action Group	N/A	September 2015	Mike D'Alton, WSP

2.4 The Enterprise M3 Joint Leaders Board has responsibility for selecting both the local authority member and senior officer representation. Those selected will represent the views of county and district level local authorities across the whole Enterprise M3 area. Members and Officers do not need to be from the same Local Authority but should be able to work together to represent the views of the sector. Local Authority Transport Lead members are nominated by each highway authority.

#### **Term of Office**

2.5 Once individuals have been agreed as being members of the Programme Management Group, they will serve the Group for an initial two-year period before membership is reviewed. Thereafter the membership is reviewed every two years, with the exception of the Local Authority Transport Lead Members who will attend for as long as they remain in this role.

#### **Criteria for Nomination**

2.6 The following criteria should be considered when nominating individuals to sit on the PMG:

The nominee should:

- Have sufficient time to undertake their role;

- Be empowered to speak on behalf of their organisation, and also at a strategic level around issues affecting their wider area of expertise. The nominee should be recognised by peers as a valid representative. They should have access to a wider network relevant to the Enterprise M3 area, be willing to work with peers and report back, and should be recognised by them as a valid representative.
- Understand local investment priorities and have knowledge of local conditions, needs and opportunities, including but not limited to the Enterprise M3 Strategic Economic Plan, Growth Deal and European Structural & Investment Fund Strategy.
- Understand the strategic context for investment decisions and be able to analyse and challenge proposals. Should be able to assess linkages to other funding sources and opportunities to maximise delivery and value for money.
- In the case of the accountable body representative, they should be the s151 officer or another senior officer with authority to act on their behalf.

### **3 Frequency of Meetings and Quorum**

- 3.1 PMG meetings will generally take place every other month and will precede Enterprise M3 Board meetings to enable PMG to make timely recommendations to the Board where required.
- 3.2 When necessary the Chair of the PMG can convene extraordinary meetings.
- 3.3 A meeting will not be quorate unless an Enterprise M3 Board Member and a Local Authority representative are in attendance.
- 3.4 Decisions will be taken by consensus, where the PMG is unable to reach consensus, the chair may judge a majority decision on an item or refer a decision to the Enterprise M3 Board.
- 3.5 Minutes will be taken for all PMG meetings, clearly indicating the recommendations made to the Enterprise M3 Board. As the PMG will be decision-making, papers and minutes from meetings will be published on the Enterprise M3 website.

### **4 Links to Other Governance**

- 4.1 In order to ensure that Enterprise M3 achieves the objectives set out within its Strategic Economic Plan, it is vital to align local investment. The PMG will work with other governance groups within Enterprise M3 to facilitate this.”.
- 4.2 The Programme Management Group will align closely with the European Management Group (EMG), which plays a similar role for European Structural and Investment (ESIF) funding. Due to conditions and constraints imposed by the European Commission around the governance of EU funds, it is not practical to use common governance to oversee the ESIF funding and the LGF funding. The intention is, however, to have common membership to the extent this is practical, with a nominated EMG representative sitting on the PMG to promote alignment and consistency in decision-making.
- 4.3 Enterprise M3’s Action Groups will also have a vital part to play in the development of the LGF and ESIF programmes and the Enterprise M3 team will support both groups. The Action Groups will work with the LEP’s thematic leads within the Enterprise M3 team to examine proposals in detail, consider risks and strategic fit with the individual thematic priorities as identified.
- 4.4 All project proposals should be considered by an Action Group prior to consideration by the Programme Management Group. Action Group chairs will attend the PMG in an advisory capacity as required and will be able to talk through proposals in detail, alongside the relevant Enterprise M3 project manager. PMG will be able to challenge the view of the Action Groups. The PMG’s responsibility will be considering overarching strategic fit, the make-up and balance of the programme and any risks affecting the wider programme.
- 4.5 The PMG may decide to refer any project for approval to the Enterprise M3 Board, this decision can be taken either at the PMG meeting or in advance of a PMG meeting in light of the forward programme. The Board may also ‘call in’ any project in the forward programme for PMG. In order for the Board to ‘call in’ a project, the support of three Board Members must

be obtained and at least seven working day's notice be given to the Assistant Director – Operations. In order to ensure strong communications between PMG and Board, a report on recent approvals from PMG and the latest position on LGF and GEF funds will be presented to each Board Meeting.

- 4.6 The Joint Leaders Board will nominate representatives to sit on the PMG as set out in Part 2. These representatives will report back to the Leaders Board regularly and will be expected to represent the views of all local authorities within the Enterprise M3 area.

## **5 Conflicts of Interest**

- 5.1 Normal Enterprise M3 procedures around conflicts of interest will apply. PMG members will be asked to provide details of any relevant interests upon being admitted to the group, and conflicts of interest will be a standard item on the PMG agenda.
- 5.2 The PMG will hold a register of members' interests, which will be reviewed regularly and will be published on the Enterprise M3 website. All PMG members will be asked to sign a Code of Conduct before attending their first meeting. .

## **6 Review**

- 6.1 The LEP shall review the effectiveness of the PMG on an ongoing basis to ensure it is fit for purpose.
- 6.2 A formal review shall take place in May 2019 and any necessary updates to the Terms of Reference will be made.

## **Additional responsibilities in relation to transport schemes**

PMG has the responsibility for appraising transport schemes that previously rested with the Local Transport Body (LTB), before it was disbanded. The role of the LTB in considering major transport schemes was developed to be in line with the most recent guidance from the Department for Transport (DfT).

A prioritised list of transport schemes based on robust evidence and developed from clear objectives will be overseen by PMG and reviewed within the context of the priorities set out in the LEPs Strategic Economic Plan. The process will be consistent with the wider scheme identification and prioritisation processes adopted by the LEP. All Business Cases submitted by promoters will be expected to follow the key principles of the Transport Business Case guidance provided by the DfT.

Proposals prioritised for local major transport schemes will be for worthwhile transport schemes that do not have an identified funding source, that meet local priorities and national objectives, emerge from evidenced transport constraints and accord with the eligibility criteria detailed below.

The TAG will undertake to ensure that all DfT requirements have been met, and will provide PMG with guidance as to this. There are specific monitoring and evaluation requirements for transport projects, which will be managed by the executive team and TAG and which will align with the wider Enterprise M3 approach. PMG, taking advice from TAG, will assess each scheme as to how well it performs against the following essential and desirable criteria:

### **Essential Criteria**

Projects should:

- have a clearly defined scope;
- demonstrate how scheme contributes to the LEPs Strategic Economic Plan, the Local Transport Plans of Hampshire and Surrey and wider Government policies.

- drive economic and/or housing growth and/or solve a current or future transport problem that constrains economic growth or that safeguards the economy of the Enterprise M3 area (with higher employment and/ or housing growth viewed more favourably in scheme prioritisation);
- ensure that the LEP contribution comprises capital funding only, and as a general rule be for requests of over £2,000,000
- normally expect to deliver 'high' value for money (i.e. CBA greater than 2);
- allow LEP funding to be fully spent within the period 2015-21, together with a clear demonstration as to how the proposal will be delivered;
- be supported by the Local Transport Authority within whose area the proposal would be delivered;
- provides, if relevant, a clear indication how any land not owned by the delivery partner will be secured to allow delivery within the required timescale;
- clearly demonstrate how the business case for a proposal is met, by reference to the EAST;
- be supported by a local contribution
- identify challenges and constraints

#### **Desirable Criteria**

- leverage of private sector investment into the Enterprise M3 area;
- improved access to employment;
- safeguard existing employment;
- provide/improve sustainable access especially to town centres;
- tackle congestion;
- reduce carbon output and other emissions;
- meet local indicators related to economic growth, transport impact and regeneration potential.