



Driving prosperity in the M3 corridor

Enterprise M3 Board Meeting

24 May 2018 - 1.00-5.00pm

Pirbright Institute, Ash Road, Pirbright, Woking, GU24 0NF

DRAFT MINUTES

Board in Attendance

Dave Axam - Chair for items 6-20
Deborah Allen
Simon Browne
Linda Cheung
David Clifford
James Cretney
Nick Elphick
Barney Ely
John Furey
Jason Gaskell
Paul Hogg
Tim Jackson
Andrew Lambert
Ross McNally
Ken Moon
Julia Potts
Clive Sanders
Mike Short – Chair for items 1-5
Paul Spooner

Guests in Attendance

Ravneet Viridi

Apologies

Stacey King
Keith Mans
Chris Tinker

EM3 Team in Attendance

Kathy Slack
Sally Agass
Rachel Barker
Aleks Bennett
Sarah Carter
Jordan Tame
Kevin Travers
Justine Davie

1. Welcome from The Pirbright Institute

1.1 Dr Bryan Charleston, Director & CEO at The Pirbright Institute welcomed the Board. Some members of the Board were taken on a tour of the site to learn about some of the work carried out. The campus included state of the art high and low containment laboratories and large and small animal facilities. The work at the Institute was to predict, detect and control infectious diseases and provide information to governments and pharmaceutical companies. The Institute studied viruses affecting countries globally. The Institute had won awards for the welfare of the animals used in the facilities. The training programme had increased significantly in the past few years and there were currently 60 PhD students from all over the world studying at the Institute.

2. Welcome and Introductions

2.1 Mike Short welcomed everyone to the meeting in particular the new Board members, Barney Ely and Debbie Allen. The Board was informed that Jim McAllister, CEO of The Rutland Group Ltd had also been successful at interview and would be joining the Board in July 2018.

3. Minutes of the previous meetings & matters arising

3.1 The minutes of the meeting held on 29 March 2018 were agreed and the update on the actions agreed were noted.

4. Declarations of Interest

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

- Tim Jackson declared an interest in the Capital Programme update item and but as no decision was being made remained in the room.

5. Enterprise M3 Governance

- 5.1 The Board received a report setting out the recruitment process for new private sector Board members and the new Board Chair. Interviews for the private sector Board members had concluded and the proposed three new Board members were Barney Ely, Deborah Allen and Stacey King. The Board agreed to the appointment of the three Board members on a three-year term of office.
- 5.2 Interviews had also been carried out for the Chair role and it had been agreed by the full Board in early May 2018 to appoint Dave Axam as Enterprise M3 Chair until the end of his Term of Office in November 2020. The Board recognised Dave's strengths of dynamism, clarity of vision and leadership and his ability to engage and influence others at a senior level. In addition, his role in leading the work on refreshing the Strategic Economic Plan and developing Enterprise M3's first Local Industrial Strategy would mean that he could take Enterprise M3 forward in a seamless transition as he was already involved in many areas of future interest. Board Members welcomed working with Dave as the Chair of Enterprise M3.
- 5.3 At the March 2018 meeting the Board agreed to delegate authority to the Programme Management Group to approve projects seeking funding of less than £3m. A copy of the revised PMG terms of reference was circulated and agreed by the Board and would be published on the Enterprise M3 website.

Action to be taken	By Whom	When
Publish PMG terms of reference on the Enterprise M3 website	Justine Davie	30 May 2018

Note: Mike Short handed over chairmanship to Dave Axam at this point.

6. Reflections from the new EM3 Chair

- 6.1 Dave Axam thanked the Board for his appointment as Chair and gave his views on what was required to ensure that Enterprise M3 continued to maintain the high standards already set. Issues raised included supporting delivery of projects by ensuring there were sufficient resources in place, maintaining good relationship with the Joint Leaders Board and working together with partners in the wider South East area. A copy of the press release announcing the new Chair and Board members would be circulated to the Board.

Action to be taken	By Whom	When
Circulate a copy of the press release announcing the new Chair and Board members to all Board members	Justine Davie	June 2018

7. Enterprise M3 Finances

(a) Future Funding, Sustainability and Reserves Policy

- 7.1 The Board received a paper on the options for Enterprise M3's financial sustainability beyond the current financial year which had been agreed by the Enterprise M3 Resources, Finance and Audit Committee (RFAC). The revenue budget approved on 25 January 2018 by Board showed an excess of annual expenditure over annual income for the second year running although figures were marginal at £104k. The shortfall could be covered by funds from retained reserves brought forward but there was need to consider longer term financial sustainability. Government had confirmed core funding for the LEP and Growth Hub for a further two years although it was unclear what funding would be available beyond 2019/20.

- 7.2 The options for future financial sustainability were set out through a combination of utilising interest from loans, increasing application fees and partner contributions and maintaining overall reserves at a prudent level of 50% of annual expenditure. There were plans in place to reduce the amount held in balances by Hampshire County Council over the next three years but it was noted that interest from these balances were estimated to total £417k. The interest received from LGF/GEF loans over the next three years was forecast at £775k.
- 7.3 An application fee of 1% was currently applied to LGF grants awarded. Recent analysis showed that the 2018/19 budget fees covered less than one third of the budgeted staff cost and the due diligence, legal, consultancy and other running costs had also to be factored in. It was therefore proposed that the application fee should be increased to 2%. The projected income over the next three years with a 2% application fee was £1m.
- 7.4 Currently 17% of EM3 funding was from Local Authorities and Higher Education establishments, either through direct contribution or supplying resources. An increase in the contribution from Local Authorities and the number of Higher Education establishments contributing could increase funding by £400k over two years from 2019/20. Over the next three years the combination of expected interest on loans and balances, increasing the application fee and increasing partner contributions would add £2.6m to the overall EM3 revenue reserves, increasing the total to £3.8m.
- 7.5 An Enterprise M3 Reserves Policy had been drawn up which proposed that reserves were maintained at a level equal to 50% of annual expenditure to enable Enterprise M3 activity to continue during a period of uncertainty due to lack of confirmed funding beyond 2020. The approach had been endorsed by the RFAC.
- 7.6 The Board discussed the proposals in particular the increase in the application fee which it was suggested could cause difficulties with cash flow for some local authorities. It was agreed that the application fee would increase to 2% with a discretion to amend in exceptional cases. Board members noted that interest from more loan applications could increase the LEP's financial sustainability but the more important aspect of loans was that loan funding could be recycled to support projects within the Enterprise M3 area. It was highlighted that the requirement for loans would not be a ruling policy for the award of funding but the key consideration would be given as to whether a project was more suitable as a loan.
- 7.7 The Board agreed:
- The reserves policy ruling that reserves should be maintained at a minimum level which covered 50% of annual operational expenditure;
 - The decision to increase the application fee to 2% for all Growth Deal projects, subject to discretion being applied where necessary; and
 - That partner contributions be further discussed with partners.

(b) Enterprise M3 2017/18 Year-End Financial Position

- 7.8 The Board was advised of the final out-turn financial position and movement of funds during 2017/18. As at 31 March 2018 Enterprise M3 held £2.3m revenue and £36.6m capital funds across a range of accounts. Overall revenue expenditure exceeded overall income and the shortfall was funded from retained reserves brought forward.
- 7.9 Kathy Slack alerted the Board to additional staffing expenditure requirements in 2018/19 linked to a number of unforeseen circumstances with staffing where additional cover was required to cover absences plus additional support to progress pressing workloads. The support received from local authority partners to address the recent issues was acknowledged. The situation was now urgent and it was anticipated that staff expenditure would exceed the agreed budget. Some costs would be mitigated through a reduction of other overhead budget costs. However,

it was anticipated that an additional £150k would be required in 2018/19 and £170k in 2019/20. A detailed paper would be taken to the RFAC for discussion and agreement on next steps and then brought to the Board, possibly by email, for approval.

- 7.10 The Board was fully supportive of the additional staff costs and anticipated overspend in 2018/19 and the increase in the budget for 2019/20. It was recommended that the risk register be updated to reflect the possible impact of the reduction of staff on Enterprise M3 key activity projects to be mitigated by the urgent recruitment of additional resources.

Action to be taken	By Whom	When
Update risk register to reflect impact and additional staffing risk	Sally Agass	June 2018
Circulate RFAC paper on the additional staff costs to the Board for approval once agreed by RFAC	Aleks Bennett	July 2018

8. Capital Programme Update

- 8.1 The Board was advised that the final expenditure for 2017/18 was £30.5m which represented 67% of funding available in that year. All remaining funding from 2017/18 would be carried forward to the 2018/19 capital programme. Overall Enterprise M3 had distributed just short of £100m since the Local Growth Programme began which represented 82% of the available allocation. The interim output/outcome targets showed that the in-year target for jobs created/safeguarded had been exceeded and with the exception of housing, the remaining targets had been missed by very small margins.
- 8.2 A call for new projects deliverable in 2018/19 had been issued in March 2018 which resulted in 25 Expressions of Interest being submitted totalling £30.36m. The Expressions of Interest were assessed against three specific criteria which was that the project was deliverable in 2018/19, had a strategic fit for Enterprise M3 and provided value for money. The assessment provided an initial ranking of projects as A, B or C which were then discussed by the Enterprise M3 project team. An A project was a well written proposal that was deliverable within 2018/19, provided economic outputs, had a strategic fit for Enterprise M3 and was costed appropriately. A B project remained deliverable but there were questions over one or more areas of the proposal. A C project had three or more areas of concern within the bid. Ten projects were ranked in the A category with a total value of £12.9m which PMG recommended to progress to due diligence. Work would be carried out with the applicants on the B and C projects some of which may be submitted to PMG if the areas of concern were addressed satisfactorily.
- 8.3 The Board noted the decisions taken by the PMG. Particular mention was raised about the approach to electronic vehicle charging infrastructure with a strong view expressed by several Board members that further exploratory work was needed to prepare for a wider approach across the whole Enterprise M3 area.
- 8.4 There was one project which exceeded the £3m delegated authority and therefore needed to be considered by the Board. The Alton Advanced Manufacturing and Technology Park project was a £5.85m loan request from East Hampshire District Council incorporating the development of a strategic 9.4 ha employment site for advanced manufacturing, ICT, digital, scientific and technological businesses within the A3/A31 Growth corridor. The project attracted £21.15m of public sector match and created 823 jobs and 700 homes. East Hampshire District Council would be asked to develop a more detailed business case for due diligence due to the size of the loan request. The Board agreed that the Alton Advanced Manufacturing and Technology Park project progress to due diligence.
- 8.5 The Local Growth Fund and Growing Enterprise Fund would be considered as a single funding stream from 2018/19. In 2018/19 there was £72.1m funding available of which £27.2m was contractually committed, £16.6m was approved but not yet contractually committed and £28.4m

was allocated but awaiting approval. It was noted that the unallocated figure could rise in the event that not all approved or allocated projects become contractually committed. Maximising the dispersal of the funds would be a key focus for the team and a forecast of expected delivery dates for business cases had been provided.

- 8.6 The Board was advised that the Government’s proposed capital allocation in 2019/20 was £17.5m, which was half the amount of the current financial year. As well as ensuring delivery against the full allocation of Local Growth Fund in 2018/19 it was important there was not an overspend situation created in 2019/20. Discussions were being held with Government to see if there was any flexibility in the funding allocation by year and also with the Accountable Body to assist with managing the profile and ensure continued delivery of projects.

Action to be taken	By Whom	When
Explore requirements and funding (private and public) for possible electronic vehicle charging infrastructure for the whole EM3 area and provide an interim assessment in September	Kevin Travers	27 September 2018
Progress the Alton Advanced Manufacturing and Technology Park project to due diligence	Sally Agass	June 2018

9. **Enterprise M3 2018/19 Business Plan**

- 9.1 Rachel Barker presented the near final version of the 2018/19 Enterprise M3 Business Plan which provided an overview of the high level aims alongside the main actions and projects. The Business Plan was set out in line with the five high level aims that were agreed by the Board on 29 March and in line with the approved budget for 2018/19. The Board discussed the Business Plan and put forward a number of amendments/additions including: strengthening the message regarding working in partnership with local authorities and broader partners; building awareness of what a LEP does; and, incorporating international trade and exporting. The Business Plan would be updated with the changes proposed and brought back to the July Board meeting and would remain on the agenda as a standing item.

Action to be taken	By Whom	When
Update the Business Plan with the proposed Board amendments/additions and report to July Board	Rachel Barker/ Sally Agass	24 July 2018

10. **Enterprise M3 Risk Register**

- 10.1 The Board received the updated risk register which had been kept at a high level to give an indication of key risks and mitigating actions for the Board. The risk register was supplemented by a detailed risk registers for key projects and programmes. The Board approved the updated Enterprise M3 risk register and agreed that the Resources, Finance and Audit Committee would monitor in future the risk register going forward and the Board would receive an annual update.

Action to be taken	By Whom	When
Include the Enterprise M3 risk register on the Resources, Finance and Audit Committee work programme for future monitoring	Aleks Bennett	June 2018

11. **Heathrow Expansion and Southern Rail Access**

- 11.1 The Board received a proposed Statement of Principle in relation to Heathrow Southern Rail Access as Enterprise M3’s public position on what a new southern rail access to Heathrow

Airport would be expected to deliver. There had been two schemes strongly promoted in the public domain and other potential solutions which were either in an embryonic stage or remained commercially confidential. At this stage it was considered that the LEP should remain scheme agnostic whilst still putting out a strong message that it fully supported any rail solution which would provide a step change in the quality and quantum of airport surface access to Heathrow.

- 11.2 The Board discussed the content and minor changes were made to the document taking on board comments on the need to emphasise even more strongly the importance of HSRA for growth aspirations along the Sci:Tech Corridor (i.e. Basingstoke, Guildford and Woking). Board members also wished to underline that the pricing model should be aligned with the existing system and not undermine the viability of existing services. The proposed Statement of Principle was agreed by the Board as the LEPs public position subject to incorporation of the minor changes discussed.

Action to be taken	By Whom	When
Publish the proposed Statement of Principle as the LEPs public position after incorporating the Board changes	Kevin Travers	June 2018

12. Transport for the South East Economic Connectivity Review

- 12.1 Kevin Travers advised the Board that Transport for the South East had been set up as a group to promote the case for strategic transport investment in the South East. The Government had already provided £100k funding and committed to providing a further £1m for 2018/19, in addition to partner contributions. An Economic Connectivity Review had been carried out to demonstrate the value of investing in infrastructure and the connectivity potential in the South East and the potential impact on the national economy if congestion was allowed to worsen. The areas covered included economic hubs, high value industries, international gateways and transport corridors. The next stage would be to develop the transport strategy at a high level whilst working on detailed plans for corridors that demonstrate the greatest growth potential. The consultation on the review would close on 19 June. There was a comment that the figures shown on jobs and homes were not up to date and needed to be checked.

Action to be taken	By Whom	When
Respond to the review and advise Transport for the South East that the jobs and homes figures need to be clarified	Kevin Travers	June 2018

13. Strategic Economic Plan and Local Industrial Strategy

- 13.1 Dave Axam updated the Board on the work that had been carried out on the Strategic Economic Plan (SEP) refresh. A near final draft SEP document had been developed which built on the strong basis of the 2014 SEP and the extensive consultation to date. Meetings had been held with local authority Chief Executives to ensure concerns and ambitions were reflected in the work. The outcome of the meetings was shared with the Joint Leaders Board where the importance of creating successful places and attractive, vibrant Town Centres was endorsed. A workshop was held with the SEP Steering Group on 18 May to pull together all of the information gathered.
- 13.2 It was hoped that the SEP would receive final sign off by the July Board meeting so that Enterprise M3 could then engage with Government on the Local Industrial Strategy. There was still some work to be carried out to agree the detail on the measures and Board members with expertise in particular areas were asked to help with the work around specific sectors and on setting targets. Board members were keen to assist and assistance was offered from local authority officers. A paper on the revised role of current Enterprise M3 groups and Board

members involved in those groups would be brought to the July Board meeting to help to identify any gaps and to identify Board member involvement.

Action to be taken	By Whom	When
Draw up list of specific sectors and Board members to be involved and progress to gain evidence to inform the SEP refresh	Sally Agass	June 2018
Prepare paper on future role of EM3 Group and provide a list of Enterprise M3 groups and Board members involved for the July Board meeting	Sally Agass/ Justine Davie	24 July 2018

14. Annual Report

- 14.1 Linda Cheung updated the Board on the progress in developing the final version of the Annual Report. The purpose of the Annual Report was to set out the successes, impact and delivery of the LEP over the past year. The document had been designed to be vibrant and informative. New images would be included for all Board members along with twitter handles or LinkedIn addresses to improve transparency. Included in the Annual Report were the top 10 performance highlights along with case studies for each of these. The Annual Report would be launched at the Enterprise M3 AGM on 8 June. The details of all Board members to be included in the Annual Report would be circulated for confirmation.

Action to be taken	By Whom	When
Send a copy of the Board member details to be included in the Annual Report to all Board members for checking	Sarah Carter/ Justine Davie	25 May 2018

15. Government Plans

- 15.1 Ravneet Viridi advised the Board that James Brokenshire had been appointed as the new Secretary of State for Housing, Communities and Local Government. Work was being carried out to strengthen the role of LEPs to put them in a robust position for when the Shared Prosperity Fund was launched. The outcome of the LEP review was expected in July 2018 and it was expected that an implementation plan would be required to be produced by all LEPs shortly after July. It was expected that one of the requirements from the review would be that all LEPs would become limited companies to enable a high level of governance to be applied across all LEPs. Meetings were being held with the Secretary of State to obtain some clarity on what would be required of the Local Industrial Strategy (LIS). It was suggested that the LIS would need distinctive framing, contain high ambition and a long-term vision. The LIS should be framed around specific sectors and linked to the Industrial Strategy nationally.
- 15.2 The Board expressed some concerned that the timetable would be tight and LEPs would not be given sufficient time to produce the implementation plan. There was also confirmation required on whether all LEPs would need to become limited companies as Enterprise M3 would not want to invest a large amount of time in developing something that may not be required.

16. Director's Report

- 16.1 The Board received a report from the Director which provided an update on the current Enterprise M3 work. In addition to the detail in the report the Board was advised that a tender would be going out shortly for the provision of communications services to the LEP and there had been a large number of requests from Government for roundtable discussions with business. Kathy highlighted the recent success in getting EM3 recognised as a leading tech cluster in the latest Tech Nation report. The recent Government announcement on the Shaping Places Fund was also mentioned and the understanding that an Innovation South wide proposal showed the best chance of success at assessing the funds.

17. Joint Leaders Board Update

17.1 Cllr Clive Sanders advised the Board on discussions held at the Joint Leaders Board (JLB) meeting on 17 May. There had been a good discussion on the state of the high street and town centres in particular the number of stores closing down and the need to redefine high streets. All local authority areas were suffering the same issues to varying degrees. It was requested that the presentation on the state of the high street was brought to the July Board meeting. It was proposed that the data on high street changes should be included in the SEP refresh. It was requested that JLB took responsibility to consider strengthening and maintaining the pipeline of projects for future town centre proposals in line with the SEP and LIS. This was agreed and it was proposed that EM3 geographic leads speak to local authorities to help with the process as part of establishing key priorities for local authority areas.

Action to be taken	By Whom	When
Include presentation on the state of the high street on the agenda for the July Board meeting	Justine Davie	26 July 2018
EM3 geographic leads to contact local authorities to discuss economic priorities including future pipeline of projects	EM3 Team Members	Ongoing

18. EU Programme Update

18.1 The Board noted the progress on the EU Programme.

19. Forward Programme

19.1 The Board received and noted the Forward Programme.

20. Any Other Business

20.1 It was Rachel Barkers last meeting before going on maternity leave and the Board wished Rachel all the best on the safe arrival of her baby.

20.2 The new Board members were asked to give their initial thoughts on the Board meeting and all had enjoyed their first meeting and in particular enjoyed the good mix of representation and the healthy debate.

20.3 The future Enterprise M3 Board meetings would be held on

- Thursday 26 July, 2018 – Marwell Wildlife, Winchester
- Thursday 27 September, 2018 – RMA Sandhurst, Camberley
- Thursday 29 November, 2018 – Farnborough Exhibition and Conference Centre
- Thursday 31 January, 2019 – Venue TBC
- Thursday 28 March, 2019 – Venue TBC