



Driving prosperity in the M3 corridor

Enterprise M3 Board Meeting

26 July 2018 - 12.00-5.00pm

Marwell Wildlife, Thompson's Lane, Colden Common, Winchester, SO21 1JH

DRAFT MINUTES

Board in Attendance

Dave Axam - Chair
Deborah Allen
Simon Browne
Linda Cheung
James Cretney
Nick Elphick
Barney Ely
John Furey
Paul Hogg
Tim Jackson
Stacey King
Andrew Lambert
Keith Mans
Ross McNally
Ken Moon
Mike Short
Paul Spooner
Chris Tinker

Guests in Attendance

Ravneet Viridi
Mariam Inayat

Apologies

David Clifford
Jason Gaskell
Julia Potts
Clive Sanders

EM3 Team in Attendance

Kathy Slack
Sally Agass
Jennie Pell
Kevin Travers
Justine Davie

1. Welcome from Marwell Wildlife

1.1 James Cretney, CEO at Marwell Wildlife welcomed the Board. Members of the Board were provided with a tour of the tropical house which opened in March 2018. The official opening would be held in 2019 once the exhibits around the tropical house had been developed and the landscaping become more established.

2. Welcome and Introductions

2.1 Dave Axam welcomed everyone to the meeting in particular new Board member, Jim McAllister, CEO of The Rutland Group Ltd.

3. Minutes of the previous meetings & matters arising

3.1 The minutes of the meeting held on 24 May 2018 were agreed and the update on the actions agreed were noted.

4. Chairs Report

4.1 Dave Axam reported to the Board on his activity as Chair of the Enterprise M3 LEP since the last Board meeting. Dave had attended the first Council of LEP Chairs with the Prime Minister (PM), with the PM singling out the Enterprise M3 work on 5G delivery, and Enterprise M3 was one of only two LEPs mentioned by the PM. Meetings had been held with a number of MP's including Michael Gove, Damian Hinds, Greg Clark, Margot James, Leo Docherty and Anne Milton, which had enabled discussions on our annual report and successes, and to gain support for potential future projects and funding bids. Isobel Stephens, the new Government Senior Sponsor, had visited the Enterprise M3 area on 25 July and visited sites in Woking and

Basingstoke. The Chair had also visited a number of projects in the area including a drive along the new Whitehill and Bordon Relief Road and attending the opening of the first show home at Whitehill and Bordon. The AGM had been held in June and Board members were reminded that copies of the Annual Report were available to take to meetings and events to promote the work of the Enterprise M3 LEP.

5. **Declarations of Interest**

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

- Keith Mans and Ken Moon declared an interest in the Whitehill and Bordon Sustainable Transport (Item 9a) and left the room during the decision making.
- John Furey and Paul Spooner declared an interest in the Unlocking Guildford Package (Item 9b) and left the room during the decision making.
- John Furey, Paul Spooner and Keith Mans declared an interest in Highway Maintenance and Resilience (Item 9b) and left the room during the decision making.

6. **Energy South 2 East**

- 6.1 Victor Sellwood, Energy Business Advisor at Siemens plc, presented details on the work carried out to date to develop the Energy Strategy which was a joint project on behalf of Enterprise M3, Coast to Capital and South East LEPs. The Government had provided funding for all LEPs to produce an Energy Strategy as there was a requirement for the UK to produce low cost, low carbon energy and waste infrastructure. There was a requirement for a balance between energy security, energy sustainability and energy affordability which had been considered while developing the Energy Strategy. It was important that the solutions identified also provided economic growth as well as meeting the environmental and affordability aspects. In order to meet carbon targets, it was clear that more needed to be done to reduce emissions. The vision for the South East was for the economy to be a beacon of decarbonisation, innovation and clean job growth to become self-sustaining in energy.
- 6.2 Siemens had run a number of workshops across the three LEP areas to identify potential revolutionary aspirations to help meet the carbon targets. The biggest areas of energy consumption were transport and domestic heat and data analysis showed that Enterprise M3 performed the best out of the three LEP areas. However, the CO² emissions in the Enterprise M3 area were slightly higher than Coast to Capital. Analysis against economic consumption and per capita had also been carried out and the results would be included in the Energy Strategy.
- 6.3 The scope of the study was to estimate energy demand and carbon emissions and provide a clear analysis of the energy opportunities and challenges for the region. An action plan would be developed to include a pipeline of potential energy and low carbon investment projects. The energy and low carbon priorities for the LEP areas would be determined and potential funding options to deliver the low carbon energy projects would need to be identified. The action plan would set out the responsibilities and timescales. Data had been provided from a number of sources to inform the Energy Strategy including local policies and studies, stakeholder engagement, national policies and Siemens insight and industry knowledge. Five key themes had been identified which were: the centralisation of heat networks and a move away from oil; a big push on renewable and biofuels; greater work around industrial and domestic energy efficiency by LEPs; new technologies and exploiting smart energy systems; and, enabling a transport revolution. The need for targeting non-technological interventions that would drive further increases in efficiency, capacity, resilience and quality for life was also highlighted. The Board received information on some case studies of potential interventions that could be explored further.

- 6.4 The review of the Strategy and Action Plan would be carried out by the Steering Group and the draft should be available for Board members to comment on in early August. Once finalised endorsement would be sought from all three LEP Boards. Once fully endorsed there would be a formal launch event, possibly in October 2018. The Board welcomed the work on the Energy Strategy and looked forward to seeing the full document with the action plan.

Action to be taken	By Whom	When
Copies of slide presentation on the Energy Strategy and Action Plan to be circulated to Board members	Justine Davie	3 August 2018
Circulate draft Energy Strategy and Action Plan to Board members for comment when available	Jennie Pell	3 August 2018

7. Enterprise M3 Governance

- 7.1 The Board received and noted the details on the deliverables for the Chair which had been agreed by the Nominations Committee. The Board was advised that the Chair would not attend the Resources, Finance and Audit Committee to provide some independence but would remain on the Programme Management Group. A revised note on the key deliverables would be produced.
- 7.2 The Assurance Framework had been updated to include a paragraph setting out the procedure for dealing with 'no confidence' in the Chair of the LEP which was approved by the Board. An amendment was agreed that the wording would be changed to read '(at least one of who is from the private sector)' not public sector as stated in the paper. The Board endorsed the appointment of Ross McNally as the Enterprise M3 Board representative on the Transport for the South East Shadow Partnership Board. It was suggested that the development of the Transport Strategy should be linked to the Innovation South activity which was supported by the Board. The Board thanked Nick Elphick for agreeing to remain on the Enterprise M3 Board and Enterprise Zone Steering Group until September.
- 7.3 The Board received a paper containing information on the sub groups and action group and their current role. The Board was asked to consider ways in which the groups could be better aligned with the LEP activities and the business and economic needs of the region. Consideration needed to also be given as to how the groups could align with the forthcoming Local Industrial Strategy. The current action groups covered the areas of transport, land and property, rural, enterprise and innovation and skills. There was also a Higher Education Group and Further Education Principals Group, Local Authority Chief Executives Group, Strategic Economic Plan Steering Group and an Accelerator Fund Steering Group.
- 7.4 The role of the action groups was to shape policy, oversee and comment on operational matters and inform and communicate the role of EM3 to key partners. A meeting of the Action Group Chairs had been held to discuss the current and future roles and a number of points were highlighted including making the action groups relevant to the key strategic objectives and ensuring actions from the Strategic Economic Plan were delivered. The Board was asked to consider a number of issues including Board member involvement in groups. Key vacancies which were required to be filled urgently were the Chair of the Enterprise Zone Steering Group and the Chair of the Local Industrial Strategy Group. Board members were asked to notify Kathy Slack of any groups they would like to be involved in either now or in the future.
- 7.5 The Board discussed the action groups and it was agreed that the groups should fit around the LEP becoming incorporated. It was suggested that there could be theme groups which could work alongside the Strategic Economic Plan and Local Industrial Strategy. Work would be carried out with the team over the summer months to reshape the action groups and any revisions would be brought to the September and November Board meetings.

7.6 The Board received a copy of the summary recommendations from the Government's LEP Review. The Board noted that many of the requirements were already in place. The main issue for Enterprise M3 was becoming an incorporated company by April 2019, the team would work with the Board to ensure this was achieved, some work had already been carried out. Work would also be required on considering the future boundaries of Enterprise M3 as, although there were no overlaps within the area, there were four districts that were split between Enterprise M3 and Solent LEP and Government expected a decision on which LEP each district would sit within. Proposals for geographies were required by the end of September, with the Government responding in the Autumn. Government had advised LEPs that future capacity funding would be contingent on successful geographies being achieved. Implementation plans setting out how changes would be achieved were required to be completed by end of October. Board members would be consulted on the proposals for geography and on the implementation plan before it was submitted to Government. Board members were invited to submit any suggestions on geography to Dave Axam or Kathy Slack.

Action to be taken	By Whom	When
Remove the requirement for the Chair to attend the Resources, Finance and Audit Committee in the Chair roles and note continued attendance at Programme Management Group	Sally Agass	3 August 2018
Update the Assurance Framework procedure for dealing with 'no confidence' in the Chair to read '(at least one of who is from the private sector)' not public sector	Sally Agass	3 August
Board members to advise Kathy Slack of any Board sub groups they would like to be involved in	All Board Members	31 August 2018
Board members to submit suggestions on LEP geography to Dave Axam or Kathy Slack	All Board Members	31 August 2018

8. Strategic Economic Plan

- 8.1 Dave Axam updated the Board on the progress with the Strategic Economic Plan (SEP) review and the intended approach to finalise the production of the SEP. An executive summary was circulated to the Board which reflected the positive messages to convey to partners in advance of the work needed to prepare for the Local Industrial Strategy. The forward for the SEP would show that Enterprise M3 was a fast growing region with the ambition to go faster and deliver an annual 4% GVA growth to the UK economy. The SEP would provide additional information on key interventions for each of the five priorities: supporting key sectors and promoting direct foreign investment; supporting high productivity SMEs to scale up, investing in enterprise and innovation; supporting the skills our businesses needed to grow; upgrading infrastructure for 21st century connectivity; and, investing in sustainable growth corridors. The five priorities would set the foundations for the work on the four Local Industrial Strategy grand challenges of big data and artificial intelligence, clean growth, ageing and mobility.
- 8.2 The SEP had been updated incorporating feedback from the Board, Joint Leaders Board, SEP Steering Group and Action Group Chairs and work would continue to collect statistics and data to provide the evidence base for the forthcoming Local Industrial Strategy. The final SEP published document would be presented to the Board in September. Work would then commence to develop governance for the Local Industrial Strategy and appoint a steering group.
- 8.3 The Board discussed the SEP and proposed that it should include a clear ask of Government to say what Enterprise M3 could achieve given sufficient resources. It was proposed that a letter could be sent from the Board to back up the delivery of the LEP review, present the SEP and demonstrate readiness to move forward with the Local Industrial Strategy.

9. Capital Projects

a) Whitehill and Bordon Sustainable Transport Package

- 9.1 Kevin Travers reported to the Board on the Whitehill and Bordon Sustainable Transport Package which contained walking, cycling and urban realm improvements along the existing A325 and Budds Lane to remove barriers to sustainable economic growth. The scheme aimed to maximise the town's growth potential by bringing together existing and new areas of the town, making the town an attractive place to relocate and supporting better health by enabling active travel. The funding request was for £3.14m capital grant with match funding of £1.4875m. The project was part of a bigger scheme which had been included in the business case and may be considered for use of unallocated sustainable transport funding when bids were sought later in the year. AECOM had reviewed the business case and raised questions which had been addressed by the scheme promoter. The business case was considered to be of good quality and it was considered that the reduced scheme would still deliver a good rate of return.
- 9.2 The Board discussed the scheme and was of the view that it would support the significant investment already made in Whitehill and Bordon and approved the allocation of £3.14m of capital grant to the Whitehill and Bordon Sustainable Transport Package.

Action to be taken	By Whom	When
Progress the Whitehill and Bordon Sustainable Transport Package to contract	Kevin Travers	September 2018

b) Unlocking Guildford Package – Quality Bus Corridors Business Case and Highway Network Resilience Schemes

Guildford Quality Bus Corridor

- 9.3 The Board received a report on the Guildford Quality Bus Corridors project which contained a set of measure designed to improve journey time reliability, on-street infrastructure and on-board experience to encourage usage of the key bus routes into and around Guildford. The scheme aimed to reduce high levels of congestion, help facilitate forthcoming development, reduce delays to bus services and improve conditions for bus usage. The funding request was for £3.21m capital grant with a private sector match of £1.31m. AECOM raised a number of areas for clarification through the due diligence which had been addressed by Surrey County Council. AECOM's view was that overall the scheme was sound and aligned well with the strategic aims of the overall Guildford Package and subject to the remaining outstanding information being received the project should proceed to contract.
- 9.4 The Board discussed the project and questioned whether the scheme could be linked to the 5G Innovation Centre and include a demonstrator, the issue would be explored with Surrey County Council and the University of Surrey. The Board approved the allocation of £3.21m capital grant to the Guildford Quality Bus Corridors project.

Highway Network Resilience Schemes

- 9.5 The Board was asked by the PMG to consider the principle of allocating funding to highway maintenance schemes. PMG had considered the business cases for two schemes and the discussion had focused mainly on the principle of whether the LEP should be using the LGF allocation on highway maintenance and resilience. A key overarching aim, underpinning the local economy, was that the transport networks must be resilient and able to withstand the effects of adverse weather, traffic incidents and roadworks. A resilient transport network would support job creations and LEP targets and was therefore important for the local economy. Highway maintenance was the responsibility of the highway authority but in reality there was an increasing reliance on inspection and reactive repair. PMG recognised that if roads were not adequately maintained there could be an adverse effect on the economy but requested for the Board to make a policy decision on funding resilience projects.

9.6 The Board discussed the principle and after some debate reached the view that resilience projects coming forward needed to be considered on a case by case basis and evaluated on their merit as a key strategic route. Board members emphasised that business cases would need to show that the scheme was critical to the economy, demonstrate that funding was not available from any other sources and be considered good value for investment above other projects. The number of cases coming forward would be kept under review and the importance of strong business cases demonstrating added value would be impressed on applicants. In light of the decision, Surrey County Council would be requested to address the outstanding issues in the business case for the A31 Highway Resilience Corridor which would then be reported back to PMG for decision.

A33 Basingstoke – Highway Maintenance and Resilience Measures

9.7 The Board was advised on the A33 Basingstoke Highway Maintenance and Resilience Measures proposal which sought funding for substantial highway maintenance and capacity improvement measures to improve the route quality and reliability of the A33 between Basingstoke and Reading. PMG was of the view that Hampshire County Council should be asked to submit a full business scheme if the Board supported the principle of funding such schemes. The project was initially forecast to spend in 2018/19 however due to the delay in the decision whether to fund the scheme it was now unlikely that there would be any substantive spend in 2018/19.

9.8 The Board was of the view that Hampshire County Council should be asked to submit a full business case however approval would be subject to significant spend being achieved in 2018/19 and a satisfactory business case.

Action to be taken	By Whom	When
Explore the potential to link the Guildford Bus Corridor project to the 5G Innovation Centre	Kevin Travers	September 2018
Progress the Guildford Bus Corridors project to contract	Kevin Travers	September 2018
Request Surrey County Council to address the outstanding issues in the A31 Highway Resilience Corridor business case to report to PMG in September	Kevin Travers	31 August 2018
Request Hampshire County Council to provide a full business case for the A33 Basingstoke – Highway Maintenance and Resilience Measures scheme and advise that approval would be subject to achieving spend in 2018/19 and a satisfactory business case	Kevin Travers	31 August 2018

10. Enterprise M3 Revenue Budget Update

10.1 The Board received a report setting out the forecast overspend against the 2018/19 operational budget. Additional costs had been identified to cover unexpected staff losses, enable activity on the Local Industrial Strategy, LEP Review and other Government activities to be increased and cover increased additional activity around project/contract management. The additional cost for 2018/19 was £290k and was estimated to continue at £320k in 2019/20 and £270k thereafter. Included in the additional costs was a possible partial year rent plus set up costs for the Enterprise M3 Team to move to dedicated premises central to the area by the end of 2018/19. There were sufficient reserves to finance the 2018/19 overspend without breaching the reserves policy and ongoing income would be generated from measures outlined in the financial sustainability plan.

10.2 The Board acknowledged the overspend and the explanations provided and agreed the recommendation of the Resources, Finance and Audit Committee for a budget overspend of £290k in 2018/19 to ensure sufficient resources were available to meet Enterprise M3's capacity requirements.

11. Programme Management Group Report

11.1 The Board received and noted the minutes of the Programme Management Group meeting held on 5 July 2018.

12. Capital Programme Update

12.1 The Board received a report setting out the forecast spend for 2018/19 against the available budget of £69.4m. There was currently £40.7m contractually committed and a further £19.6m awaiting to be submitted to PMG/Board for final approval. PMG had discussed the project risks which could impede the ability to achieve the year end targets for outputs and spend. Work was underway to update the RAG status on the capital programme overall summary and dashboard to highlight any projects at risk of not achieving current spend and re-profiling of spend across the 2018/19 quarters where possible. Work would be carried out to assess and categorise the risks and likely impact on the programme. A full report would be brought the September PMG and Board setting out the proposed measures to mitigate significant risk of underspend and underachievement of outputs.

12.2 A report had been taken to the Resources, Finance and Audit Committee (RFAC) detailing measures to address any potential overspend in the event of Government not being able to smooth out the cash flow across the financial years. Hampshire County Council (HCC) had agreed to provide a loan to cover any shortfall. The principles proposed were that the interest rate to be applied would be agreed by PMG/RFAC, any lending would be short-term and repaid on receipt of the LGF funding and the allocation of funds to projects would not be restricted to HCC's geographical area. Work would be carried out with HCC Finance to produce an agreed position and a further paper would be taken to RFAC and PMG.

12.3 The Board discussed the paper and agreed that any smoothing of the profile of funding from Government would be helpful. The Board noted the current position with spend and the work being carried out by the Team. The Board agreed the recommendations of RFAC to the Financial Management Principles.

Action to be taken	By Whom	When
Report to September PMG and Board on the proposed measures to mitigate significant risk of underspend and underachievement of outputs	Sally Agass	6 September 2018

13. Communications Activity

13.1 The Board received and noted the report setting out the communications activity being carried out and the progress made in engaging with key partners. A Stakeholder Engagement Strategy was being developed and would be reported to the Board in September. A calendar of proposed activity would be prepared and reported as a standing item on the Board agenda. A six-month tender had been issued for communications support and it was anticipated that the successful organisation would be appointed by September.

14. Government Plans

14.1 Ravneet Viridi reported on the LEP review and indicated that more details would be published the following week on the next steps. The LEP Network had offered to co-ordinate working groups on particular areas such as legal personality so that LEPs with similar situations to

address could work together. A policy statement would be published in August to provide some guidance on the Local Industrial Strategy with an ambition to agree all by 2020. Regional workshops would be held later in the year on the Local Industrial Strategy process. The national assurance framework would be coming back in the Autumn to align with local assurance frameworks. Further information would be coming through on the Shared Prosperity Fund.

15. **Director's Report**

15.1 The Board received a report from the Director which provided an update on the current Enterprise M3 work. The opening of the Farnborough Airshow by the Prime Minister was highlighted and that \$192bn worth of deals had been made, attracting 80,000 visitors from 100 countries.

16. **Joint Leaders Board Update**

16.1 Cllr Paul Spooner advised that a general update had been provided to the Joint Leaders Board on the LEP work at the meeting held on 18 July.

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

17.1 The Board received and noted the update made to the Enterprise M3 2018/19 Business Plan.

18. **EU Programme Update**

18.1 The Board received and 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 Dave Axam advised the Board on plans by Pinewood Ltd to extend their site at Shepperton. A public consultation was ongoing and it was agreed that Enterprise M3 would write to highlight the importance of the creative and film sector to the area.

20.2 Jim McAllister was invited by the Chair to share his experience of his first Enterprise M3 Board meeting. Jim was of the view that the LEP carried out a lot of important and effective work but that message needed to be shared with the wider population.

20.3 The future Enterprise M3 Board meetings would be held on

- 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