



Driving prosperity in the M3 corridor

Enterprise M3 Board

26 November 2015, 1.00 – 5.00pm

Room 2030, 1st Floor Orson Welles Building, Shepperton Studios,
Studios Road, Shepperton, Middlesex, TW17 0QD

MINUTES

Board in Attendance

Geoff French - Chair
Ferris Cowper
Zoe Gray
Andrew Lambert
Peter Martin
Malcolm Parry
Louise Punter
Clive Sanders
Mike Short
Christine Slaymaker
Paul Spooner

Guests in Attendance

Diarmid Swainson
Kevan Jones
Rob Lewtas
Mike Rushworth
Tanja Aijo
Rachel Barker
Alan Elder
Chris Quintana
Kathy Slack
Kevin Travers
Justine Davie

Apologies

Dave Axam
David Barnes
Andy Barr
Tim Colman
James Cretney
Moirra Gibson
Keith Mans
Chris Tinker

Amanda Brooks

1. Welcome from Shepperton Studios

- 1.1 Andrew Smith, Director of Strategy and Communications and Emma Bowen, Operations Supervisor welcomed the Board to Shepperton Studios. A promotional video was shown which highlighted the number of the films that Pinewood Shepperton had been involved in over the years. Over 2,000 films had used the facilities, with 59 blockbuster films with budgets over \$100m in the last 7 years. The Board members were then taken on a tour of Shepperton Studios. There was a masterplan for Pinewood Shepperton to expand and become a state of the art facility, phase 1 of the expansion was on schedule for completion in June 2016. Geoff French thanked Andrew Smith for his time and for hosting the Board meeting.

2. Welcome and Introductions

- 2.1 Geoff French welcomed everyone to the meeting, in particular, Cllr Paul Spooner who had been appointed by the Joint Leaders Board to the Enterprise M3 Board as a Surrey district council representative.

3. Minutes of the previous meeting & matters arising

- 3.1 The minutes of the previous meeting were agreed and the actions were noted.
- 3.2 The Board was updated on the outcome of the Comprehensive Spending Review. The Multi-Site Enterprise Zone bid had been successful and an update on the work required would be provided at the January Board meeting. The Government had committed to the full £12bn for the Local Growth Fund, further details were still to be provided but it was likely that the new funding would only be available from 2017/18. The core funding for Local Enterprise Partnerships was confirmed for 2016/17.

- 3.3 Geoff French informed the Board that interviews had been held for the private sector Board vacancies. Chris Tinker had been reappointed and Nick Elphick had been appointed to fill the vacant position.

Action to be taken	By Whom	When
Provide an update on the Enterprise Zones work to the 28 January Board meeting	Chris Quintana	28 January 2016

4. Declarations of Interest

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

- Clive Sanders declared an interest in relation to the Basingstoke South West Corridor to Growth project and left the room during the decision making.
- Peter Martin declared an interest in the Woodfuel Hub Network project and left the room during the decision making.

5. European Update

- 5.1 Zoe Gray, Chair of the European Management Group, updated the Board on the progress of the EU programme. The European Structural and Investment Fund Strategy was being refreshed and a revised Strategy had been agreed by the European Management Group on 19 November.

- 5.2 The successful applicants from the first call of European Regional Development Fund (ERDF) was expected in the next few weeks. The second call had closed in September but had not been discussed by EMG as the paperwork had not been received from DCLG in time, concerns over the delays had been conveyed to DCLG. A timetable was in place for future ERDF calls.

- 5.3 The Skills Funding Agency had advised of delays to the procurement process for the opt-in for the European Social Fund (ESF). It was not clear when the next call under ESF would be issued. The Big Lottery Opt-in was progressing with four applicants invited to progress to full applications. The timetable with the DWP opt-in was not confirmed. The European Agricultural Fund for Rural Development was currently open with three specifications, the deadline for applications was 8 January.

- 5.4 Enterprise M3 LEP had submitted two bids for Technical Assistance for funding for staff and events to promote and help partners apply for EU funds. The total cost of the ERDF TA bid was £357,747 which required 50:50 match funding. The match-funding had been identified with contributions from Enterprise M3, Surrey County Council, Hampshire County Council and Basingstoke and Deane Borough Council. The funding would provide 1.87 FTE until December 2018, a similar arrangement would be put in place for ESF. The Board agreed that a sub-group of Board members with a knowledge of EU programmes, be formed to approve the use and level of reserves to underwrite the match funding of posts to support the TA programmes for ERDF and ESF.

Action to be taken	By Whom	When
A sub group be formed comprising Geoff French, Zoe Gray, Tim Colman and Keith Mans to approve the use and levels of reserves to underwrite the match funding	Kathy Vuillaume	December 2015

6. Finance South East Funding Escalator Update

- 6.1 Kevan Jones, Chief Executive of The FSE Group updated the Board on the progress of the Finance South East Escalator Fund. The Fund was made up of £5.5m from the Enterprise M3 Growing Enterprise Fund. The Fund was promoted through events, meetings, newsletters, case studies in magazines and on the FSE website. There had been 140 enquiries received and 30

full applications for funding. The aim for the fund was to support high growth ambitious companies.

6.2 The Board received details of five companies that had received Escalator Funding of between £100-£250k. The forecast for each of the companies was an increase in employees and a growth in turnover of 200-1000%. Overall the Fund had supported 15 companies with over £1.5m of funding. There was a request to extend the period of the fund to July 2017 to maintain momentum which was covered in the GEF item on the agenda.

7. Exporting in Enterprise M3

7.1 Rob Lewtas, Strategic Partner Manager, South East International Trade Team, UK Trade & Investment (UKTI) South East provided an overview on exporting in the Enterprise M3 area. The focus for UKTI was to ensure businesses had the right tools for export. In the Enterprise M3 area in 2014-15 UKTI had engaged with 3,883 companies and there had been 124 business wins recorded. In future, UKTI would be working with Enterprise M3 on the European Regional Development Fund (ERDF) with dedicated staff working on supporting the top 200 high growth companies. There would also be collaborative work on the Growth Hub and some cross-LEP working on projects.

7.2 Andrew Lambert, owner of Electronic Media Services Ltd, Enterprise M3 Board member and Board member on the China Britain Business Council reported to the Group on a recent trade visit to China. The consumption in China had been growing faster than other countries from \$650 billion in 2000 to \$1.4 trillion in 2010, with a forecast of 7% growth in 2010-2020. The export market from the UK to China increased by 6% in 2015, this had increased by 17.6% in the same period in 2014. There were a number of opportunities for export but it was important there was a single message going out across the Enterprise M3 area with a clear unique selling point such as 5G. The Board agreed that exporting was important and discussions would be held with Hampshire County Council, Surrey County Council and the Universities to agree a way forward. Mike Short would also take forward with the Digital Group to identify where the focus should be.

Action to be taken	By Whom	When
Arrange discussions with Hampshire County Council, Surrey County Council and the Universities on exporting opportunities and messages	Kathy Slack	January 2016
Include export opportunities on the Digital Group agenda to agree on a focus	Kathy Slack	December 2015

8. Enterprise and Innovation Action Group

8.1 Mike Rushworth, Reveal Coaching and Chair of the Enterprise and Innovation Action Group updated the Board on the work of the Action Group. There had been good progress made on the enterprise and innovation projects. The 5G project had claimed £1.5m from a total LGF of £5m and Whitehill and Bordon Business Enterprise Centre had claimed £2m from a total LGF of £4m. The contracting was nearing completion for the Innovation and Enterprise Centre (Animal Health) and contracts would be signed in summer 2016 for the £5m loan for Farnborough International. Enterprise Zones would also sit within the Enterprise and Innovation Action Group remit which would generate £178m retained rates over 25 years, the detail for the Enterprise Zones now needed to be worked through. The Growth Hub was now established which would co-ordinate the support offer for businesses. Five growth champions had been appointed and so far 26 leads had been identified from the annual conference and 37 referrals through the Hub. Other areas of work included strategic priorities, digital skills, business engagement, KPIs and inward investment.

9. 2015/16 Growth Deal Projects for Approval

Basingstoke SW Corridor to Growth

- 9.1 Kevin Travers, Enterprise M3 Transport Project Manager reported on the Basingstoke South West Corridor to Growth project. The request was for £9.3m LGF for a scheme to improve two highway junctions on the strategically important A3010/A34 and A30 corridor located to the west of Basingstoke. The total cost of the project was £11.6m, the remaining £2.3m would come from a variety of developers and other third party contributors.
- 9.2 The project would deliver junction improvements to a route which already suffered congestion and was forecast to worsen with the significant planned development growth in the area to 2029. There were approximately 5,500 new dwellings at four strategic sites planned for the western side of Basingstoke. Without the investment in additional capacity at the A30/A340 Winchester Road roundabout and A3010/A340/B3400 Thornycroft roundabout congestion and delay would worsen and there would be a detrimental impact on the ability to support the planned growth in housing and jobs.
- 9.3 AECOM had carried out due diligence on the business case and concluded that the economic case demonstrated the contribution of the scheme through enabling housing and employment development. It was commented that the strategic case had been underplayed and there was potential to strengthen the business case by linking it to other developments. The due diligence had raised some questions to which HCC had responded. The business case was considered to be strong with key economic benefits - facilitating new housing, protecting and stimulating the existing economy and making improvements to the performance of the existing highway network.
- 9.4 The project was considered by the Programme Management Group where it was questioned whether the project would go ahead without the LGF funding. It was explained that due to the planned development still being at a very early stage there was no other funding available to carry out the work at this time. It was crucial that the work was carried out now before the developments were underway to avoid congestion becoming significantly worse which would be potentially detrimental to the Basingstoke local plan. The PMG supported the project and recommended it for approval. The Board agreed that £9.3m of expenditure from LGF be approved for the Basingstoke South West Corridor to Growth project.

Woodfuel Hub Network

- 9.5 Chris Quintana, Enterprise M3 Enterprise and Innovation Project Manager reported on the Woodfuel Hub Network project. The aim of the project was to utilise timber from currently undermanaged woodlands in the Enterprise M3 area, which was currently sent to landfill, to produce biomass fuels such as chips and logs.
- 9.6 The application to the Local Growth Fund was for £2m to provide support for a cross Enterprise M3 network of up to 20 woodfuel/timber processing hubs. The total funding for the project was £5m made up of £2m LGF and £3m private sector match funding which would be provided by individual business applicants. The project would be administered by Surrey County Council in partnership with The Forestry Commission.
- 9.7 The funding would support 3 'macro' hubs and a mixture of 'mini' and 'micro' hubs. Applicants would apply for up to 60% of their total project cost, with a maximum grant of between £100-115k. The basis of the project was for individual schemes to be brought forward by applicants and be submitted to a standard assessment and award process. Due diligence would be carried out on projects requesting in excess of £50k. The process was already in progress with the Coast to Capital Woodfuel Initiative which would provide the opportunity to 'bolt on' the Enterprise M3 programme and provide savings in time and cost.
- 9.8 Due diligence had been undertaken and AECOM had advised Enterprise M3 to carry out further analysis on costs, land acquisition and the equipment required. The due diligence also highlighted that the assessment period for success/failure could be up to 5-years. Responses

had been provided on each of the areas highlighted in the due diligence report. The PMG had discussed the project and recognised the environmental benefits of the project although there were questions on the viability of the business when the products could be bought cheaper elsewhere. It was expected that investments made through the project would help reduce production costs by enabling more profitable forest management and making wood products more widely available. There was also an ERDF specification for revenue funding to run in parallel which would complement the project and stimulate success. The Board discussed the project and agreed that £2m of expenditure from LGF be approved for the Woodfuel Hub Network project.

Action to be taken	By Whom	When
Progress the Basingstoke South West Corridor to Growth project to contracting	Kevin Travers	December 2015
Progress the Woodfuel Hub Network project to contracting	Chris Quintana	December 2015

10. Local Growth Fund

Programme Update

- 10.1 The Board was advised that eleven of the 2015/16 contracts had been signed with six more due to be signed in quarter 3. The A30/A331 The Meadows and Runnymede Roundabout projects were unlikely to be signed until quarter 4 due to some ongoing clarification issues. Eight sustainable transport projects had been signed with the remaining three due to be signed before the end of quarter 3.
- 10.2 The current forecast showed £32.76m LGF being allocated to projects in 2015/16. There were likely to be further changes to the programme in quarter 4 but work was ongoing to identify potential spend that could be brought forward.

Cost Recovery and Income Generation

- 10.3 Further work had been carried out on cost recovery and income generation and following discussion with Hampshire County Council's finance team it was proposed that a 1% application fee be introduced in the next round of Local Growth Fund to cover the costs of due diligence. The application fee would not impose a financial burden on the applicant as they would be able to include the charge in their overall grant application as a fee. The sum would be applied after the expression of interest was agreed and would be refunded if the application was not successful. The charge of an application fee on loans would need to be carefully considered as applicants would not be able to claim back the fee as was the case with the grant process. Further work was required on potential income generation options. A query was raised by Ferris Cowper on how the charge would be addressed if the fee was paid in advance but not paid back to the local authorities through their claim until the following financial year. The matter would be looked into and reported back to the Board.

Local Growth Deal 3 Prospectus

- 10.4 The Board received details on the draft LGF Prospectus which had been circulated to partners to invite expressions of interest and set out proposals for how future LGF allocations could best be used to support investment. The expressions of interest would enable a pipeline of projects to be developed and ensure Enterprise M3 was well placed to respond positively and quickly to Government when further LGF rounds were announced. Project Managers had been in discussion with partners to submit as much information as they had available on the expression of interest by the deadline of 7 December. The final Prospectus would be brought to the Board meeting in January with some details on the response to the draft Prospectus. BIS advised the Board that it was likely that details for bids for LGF3 would not be required until the 2016/17 financial year.

Action to be taken	By Whom	When
Consider the implications of fees being charged but not paid back to local authorities through their claim until the next financial year.	Alan Elder	28 January 2016
The final prospectus and details on the expressions of interest to be reported to the January Board meeting	Jeff Alexander	28 January 2016

11. Crossrail 2

- 11.1 Geoff French updated the Board on Crossrail 2 which was a new railway serving London and the wider South East, connecting the National Rail networks in Surrey and Hertfordshire via new tunnels and stations between Wimbledon, Tottenham Hale and New Southgate, linking in with London underground, London Overground, Crossrail 1, national and international rail. The railway would provide 30 trains per hour, 10 from Wimbledon and 20 from across the other branch lines. The stations on the regional routes in Surrey would be improved and it would free up space on the national rail lines with Southampton, Basingstoke, Woking and Guildford potentially benefitting from more frequent services. Crossrail 2 was not expected to be operational until 2030. There would be further informal meetings with the Growth Commissioners and there was a formal evidence session being held in February 2016. Mike Short expressed an interest in being involved in the formal evidence session.

12. Devolution Update

- 12.1 The Board received an update on the progress on the agreement of devolution deals for Hampshire and Isle of Wight (HIOW) and Three Southern Counties (3SC) and the implications for Enterprise M3. A challenge session had been held on 17 November with the Secretary of State which covered mainly housing and governance. Work was continuing on the deal document and a near complete version was expected in January 2016, potentially before the January Board meeting. The Board agreed for a sub-group comprising Geoff French, Mike Short, James Cretney, Louise Punter, Cllr Peter Martin and Cllr Clive Sanders to agree the final wording. A copy of the final wording would be circulated to all Board Members to provide the opportunity for all to comment.
- 12.2 The key issues for consideration for the Board were the governance arrangements, maintaining the focus on Enterprise M3 as a 'functional economic area', maintaining business commitment to the LEPs, potentially working to differing devolution arrangements in HIOW and 3SC, developing a common Strategic Economic Plan and informing the business community.
- 12.3 There had been less involvement in the 3SC devolution deal. The ministerial challenge session was expected to be held in mid-December and would be attended by the Chair of Coast to Capital LEP. The LEPs were not currently involved in any of the formal structures supporting the 3SC devolution deal although Enterprise M3 was seeking involvement in the digital infrastructure theme group and the skills group. There was concern expressed regarding the lack of involvement from Enterprise M3 in the 3SC devolution deal, Cllr Peter Martin would feed back to Surrey County Council.

Action to be taken	By Whom	When
The final wording for the HIOW devolution deal to be circulated to all Board Member for comment	Kathy Slack	January 2016
Sub-Group to be consulted to agree the final wording for HIOW devolution deal	Kathy Slack	January 2016
Feedback to Surrey County Council on the lack of involvement from Enterprise M3 LEP on the 3SC devolution deal	Cllr Peter Martin	December 2015

13. Joint Leaders Board Update

13.1 Clive Sanders advised the Board that the Joint Leaders Board had received an update on Crossrail 2 and discussed the rural planning paper. The devolution deals were discussed and there were a number of shared concerns amongst Leaders and Chief Executive's on what was realistically achievable on both sides. A further meeting was being held with Hampshire Leaders and Chief Executive's to discuss in more detail.

14. Finance Report

14.1 The Board received and noted the report on the current Enterprise M3 LEP financial position.

15. Growing Enterprise Fund

15.1 The Board received and noted the table summarising the progress of the projects allocated funding from the Growing Enterprise Fund. The Board reconfirmed the delegation arrangements for the Expansion Fund Steering Group so that decisions on Year 2 of the fund could be taken at the next Steering Group meeting in December 2015.

16. Communications Paper

16.1 The Board received and noted the Communications paper. The annual conference had been well received with some very positive initial feedback. Discussions would be held with the team on how to take the conference forward next year. It was highlighted that the new website was also now live www.enterprisem3.org.uk.

17. Directors Report

17.1 The Board received and noted the Directors Report.

18. Forward Programme

18.1 The Board received and noted the Forward Programme.

19. Any Other Business

19.1 The Board was asked to agree the Rural Planning Policy Statement for use across the Enterprise M3 area with respect to rural planning considerations. The Statement had been endorsed by both Surrey and Hampshire local authority planners and by the Joint Leaders Board. The Board agreed the Planning Policy Statement and endorsed its use by planning authorities in the Enterprise M3 area.

19.2 The future Enterprise M3 Board meetings would be held on

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