

**Programme Management Group**

**Terms of Reference (version 3 – 2016)**

**22 July 2015 15 September 2016**

**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 an initial £35m~~ of Local Growth Fund (LGF) ~~projects~~ ~~money in 2015/16~~, as well as continuing to oversee its ~~£21.7m programme of~~ Growing Enterprise Fund (GEF) ~~money 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. The PMG ~~will~~ also ~~plays~~ a key role in ensuring the LEP's European Structural and Investment Funding (ESIF) is aligned with domestic funding. The PMG does not have decision-making powers, rather it is an advisory group that makes recommendations to the Board.

**Local Growth Fund r Role**

1.3 Using the Enterprise M3 Strategic Economic Plan (SEP) and Growth Deal as a guide, the group will 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 ~~revised~~ Enterprise M3 Action Group structure. Action Groups will play a key role in providing specialist advice and recommendations to the PMG and to the ~~b~~Board around particular projects. Enterprise M3 has the following Action Groups:

- Innovation & Enterprise Action Group
- Global Competitiveness through People Board
- Land & Property Action Group
- Transport Action Group
- Rural Action Group

1.5 The PMG will make recommendations to the Enterprise M3 Board. It is proposed that the PMG will undertake the following roles:

- Review potential bids for future rounds of the LGF and GEF and provide recommendations around this to the Enterprise M3 ~~b~~Board for approval, including on the relative priority of proposals;

- Review due diligence and other assessments of LGF and GEF projects, based on advice from the Action Groups, and provide a recommendation to the board for projects to proceed to contracting phase;
- Provide recommendations to the ~~b~~Board on individual scheme approvals, investment decision-making and the release of funding, including scrutiny of individual business cases;
- Make recommendations to the ~~b~~Board around the distribution of funds to LGF and GEF projects, taking account of significant risks and issues, as well as opportunities for more effective use of public funds;
- 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 budget, and to make recommendations to the Board around any increases greater than this or where the increase exceeds £3m;
- Recommend projects to be taken forward under the Enterprise M3 Sustainable Transport Programme, as well as any other similar devolved programmes of LGF funding the LEP agrees in future;
- Ensure the Local Growth Fund and Growing Enterprise Fund are effectively aligned with other sources of funding, including EU funds, 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". The Enterprise M3 Local Transport Body (LTB) has now been dissolved and the PMG will take on some of the responsibilities of this group, with the remainder taken on by the Transport Action Group. As such, the PMG will have an extended membership for transport items, and Section 8 of these terms will apply.~~

#### ~~Growing Enterprise Fund role~~

~~1.7 The Fund Management Group (FMG), which has previously overseen the distribution of the Growing Enterprise Fund, has now been dissolved.~~

~~1.8 The intention is that the Programme Management Group now undertakes the role previously undertaken by the FMG, and that the oversight of GEF and LGF funding is aligned as much as is practicable. The chair of the dissolved FMG will sit on the PMG on an interim basis to further this aim.~~

## **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 and Communities Agency representative

1 x Accountable Body representative

~~1 x Former Fund Management Group chair (interim)~~

1 x LEP Director

**Additional members for transport-related items ~~only~~:**

2 x Local Authority Transport Lead Members

1 x Private Sector Chair~~man~~ 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. Other guests can be invited at the discretion of the Chair.

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

Representing	Selection Methodology	Date of first meeting	Member
3 x Private Sector Board member	Enterprise M3 Board to select at Board Meeting	November 2014 <u>November 2014</u> <u>September 2015</u>	Geoff French, <del>URS AECOM</del> (chair) James Cretney, Marwell Wildlife Dave Axam, BT
2 x Local Authority Member	To be selected by <del>Local Authority</del> Enterprise M3 Joint Leaders' Board.	November 2014 <u>(re-appointed in 2016)</u> <u>November 2014 (re-appointed in 2016)</u>	Cllr Peter Martin, Surrey County Council Cllr Ian Carr, Test Valley Borough Council
2 x Local Authority Senior Officer	To be selected by <del>Local Authority</del> Enterprise M3 Joint Leaders' Board	November 2014 <u>(re-appointed in 2016)</u> <u>November 2014 (re-appointed in 2016)</u>	Andrew Lloyd, Rushmoor Borough Council Kevin Lloyd, Surrey County Council
1 x Homes and Communities Agency representative	HCA representative to continue role on PMG	November 2014 <u>(re-appointed in 2016)</u>	Kevin Bourner, Homes and Communities Agency
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 <u>(re-appointed in 2016)</u>	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	September 2015 <u>May 2016</u>	Cllr John Furey, Surrey County Council, Cllr <del>Seán Woodward</del> Rob Humby, Hampshire County Council

Private Sector Chairman of LEP Transport Action Group	N/A	September 2015	Mike D'Alton, WSP
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- 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.

#### **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 ~~Strategy for Growth~~, 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 Dates Quorum**

~~3.1 Delivery of Local Growth Fund projects will commence from April 2015. There is a significant amount of work to be done in the lead-up to this around:~~

~~Detailed design and business case development for projects;~~

~~Undertaking due diligence and assessment of developed business cases, particularly around delivery issues and value for money; and~~

~~Contracting for projects.~~

~~3.2 In addition, work is also underway to identify and develop those projects that should be submitted to Government to form part of the 2016/17 LGF programme and beyond.~~

~~3.3 Work around the Growing Enterprise Fund is also continuing, with the Fund Management Group recommending the launch of a further round of the GEF in September 2014.~~

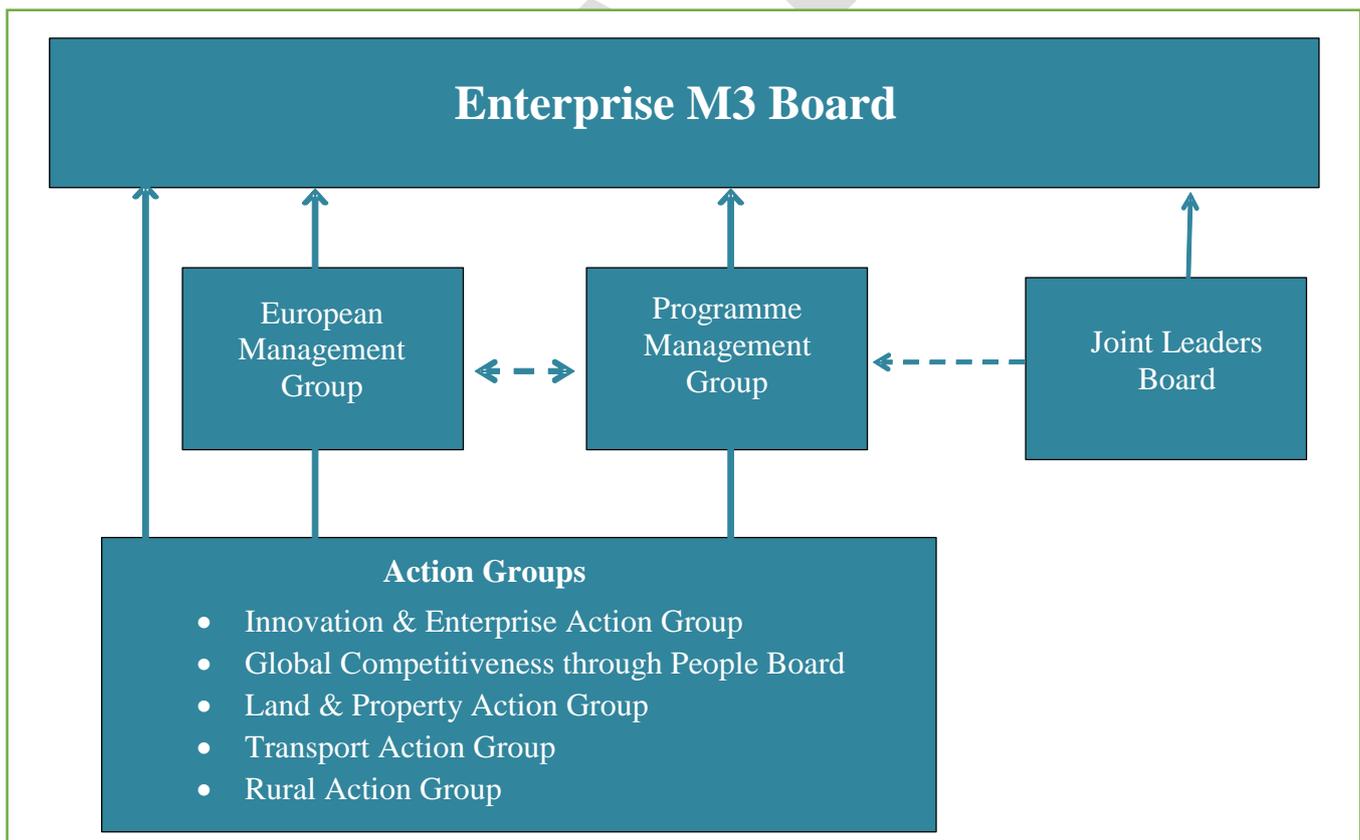
~~3.4 The first meeting of the PMG will take place on 24 November 2014, and it is proposed that the Group meets broadly once a month from this point until April 2015 when LGF delivery will commence.~~

~~3.5 Following this, it is proposed that the PMG should meet quarterly, although the frequency of meetings will be kept under review until the LGF programme is more established.~~

- 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.
- 3.2 When necessary the Chair of the PMG can convene extraordinary meetings.
- 3.63 A meeting will not be quorate unless an Enterprise M3 Board Member and a Local Authority representative are in attendance.
- 3.74 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. Due to the confidential nature of discussions the minutes will not 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. The current governance structure is shown in Annex B “Enterprise M3 Governance Structure”.



#### **Enterprise M3 Governance (Revised)**

- 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 project managers 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 is an advisory group to the Enterprise M3 ~~h~~Board and will make formal recommendations to the ~~h~~Board. The PMG chair will give regular updates to the Enterprise M3 ~~h~~Board at ~~h~~Board meetings.
- 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.

## 6 Risk management

- 6.1 The PMG will adopt a comprehensive risk management strategy. A full risk register will be kept and regularly reviewed.

## 7 Review

- 7.1 The LEP shall review the effectiveness of the PMG on an ongoing basis to ensure it is fit for purpose. This will form part of the development and agreement of the Growth Deal assurance framework with government.
- 7.2 A formal review shall take place in ~~May 2016~~September 2018.

## ~~8 Additional responsibilities in relation to transport schemes~~

- ~~8.1 PMG has taken over responsibilities for appraising transport schemes that previously rested with the Local Transport Body, 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.~~
- ~~8.2 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.~~

~~8.3 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.~~

~~8.4 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);~~
- ~~• the LEP contribution will comprise of capital funding only;~~
- ~~• be for a capital funding request of over £2,000,000~~
- ~~• normally expect to deliver 'high' value for money (i.e. CBA greater than 2);~~
- ~~• 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 whose area within which the proposal would be delivered;~~
- ~~• If relevant a clear indication as 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~~

#### 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;~~
- ~~• To meet local indicators related to economic growth, transport impact and regeneration potential~~

~~8.5 All Business Cases submitted by promoters will be expected to follow the key principles of the Transport Business Case guidance provided by the DfT.~~

~~8.6 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.~~

## Annex A

### Additional responsibilities in relation to transport schemes

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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.

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- 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.

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Driving prosperity in the M3 corridor

## The Structure of Enterprise M3 2016

