

Enterprise M3 Board Meeting

28 March 2019 - 12.00-5.00pm

Rutland Group, Dunsfold Park, Cranleigh, Surrey, GU6 8TB

DRAFT MINUTES

Board in Attendance

Dave Axam - Chair
Deborah Allen
Simon Browne
Linda Cheung
David Clifford
James Cretney
Nick Elphick – Co-opted
Barney Ely
Paul Hogg
Tim Jackson
Colin Kemp
Stacey King
Keith Mans
Jim McAllister
Ken Moon
Julia Potts
Clive Sanders
Paul Spooner

EM3 Team in Attendance

Kathy Slack
Rob Dunford
Sally Agass
Kevin Travers
Justine Davie

Apologies

Jason Gaskell
Andrew Lambert
Ross McNally
Mike Short – Co-opted

Guests in Attendance

Laura Jackson
Toni Wootton

1. Welcome from The Rutland Group

- 1.1 Jim McAllister, Chief Executive of The Rutland Group welcomed the Board to Dunsfold Park. The Board was informed that Dunsfold Park had been built in 1942 and was very active throughout the war. In 1951 it was leased to Hawker Aviation and in 1971 the first Harrier jet flew from Dunsfold Park and the first Hawk in 1974. British Aerospace vacated the site in 2000 which resulted in the loss of 1,400 jobs. The Rutland Group took over in 2002 and wanted to create a garden village and business community. There were currently over 100 small and medium business located at Dunsfold Park employing 1,100 people. To make the site viable there was also an annual Wings and Wheels show and the TV show Top Gear was filmed at the site.
- 1.2 A planning application was granted in 2018 for 1,800 new homes and work was currently underway to development the Masterplan. A bioethanol plant was developed at the Park along with a solar energy farm which generated electricity for the businesses and would eventually supply the new homes, sufficient electricity was also generated to send to the national grid.
- 1.3 The Board was taken on a tour of the site and was informed about the types of the businesses operating on the site and received further details on the future plans. The Chair thanked Jim McAllister for the interesting tour of the site and for the outstanding and exciting work being carried out at Dunsfold Park.

2. Welcome and Introductions from Chair

- 2.1 Dave Axam welcomed everyone to the meeting and thanked Jim McAllister for hosting the meeting and arranging a tour of the site.

3. Minutes of the previous meetings & matters arising

- 3.1 The minutes of the meeting held on 31 January and 14 February were agreed and the actions noted. The Chair highlighted that the final version of the Memorandum and Articles had been submitted to Companies House and Enterprise M3 Ltd was now a registered company. The Board thanked Sally Agass and the team for their hard work on establishing incorporation of the LEP. Share certificates needed to be signed by all Directors and would be posted out within the next week. Training requirements for all Directors, tailored to their needs, was also being considered. The team was also finalising the delivery plan to submit to Government by the deadline of end of April 2019. A draft delivery plan had been prepared and an item was included on the agenda.
- 3.2 The Board was advised that the Brexit clinics had been successful and there had been lots of positive feedback received. A representative from BEIS had attended each of the workshops. A key issue to emerge was that many businesses seemed to consider that they did not need to plan for Brexit so numbers attending the clinics were lower than had been first planned. EM3 and partners were continuing to market extensively and reported that businesses were attending from other LEP areas. Ken Moon advised that discussions had been held between the Growth Hub and Federation of Small Businesses to explore options for running similar events for different types of business problems. The banks were also getting engaged. Government would be approached to request funding for these types of events in future.

Action to be taken	By Whom	When
Mail out share certificates to all Directors	Steph Young	April 2019

4. Chairs Report

- 4.1 Dave Axam reported on his activity as Chair of the Enterprise M3 LEP since the last Board meeting. The Chair reported the results from the recent Annual Performance Review (APR), which had been previously circulated to Board Members, Strategy - exceptional, Governance - good and Delivery - good. The letter from Government setting out performance and capturing successes had already been circulated. The Chair had conveyed to Government the LEP's disappointment at the result which saw the Governance score move from exceptional to good. The LEP's view was that the information provided had not been reviewed fairly and there was a lot of work carried out by Enterprise M3 that was considered out of scope of the APR, such as implementation of the LEP Review. There were also issues raised regarding the late changes made on how the assessment was going to be carried out for the APR. The Accountable Body had also sent in a letter to register its concerns about the assessment.
- 4.2 Kathy Slack reported that only six LEPs had received an exceptional in Strategy, and only one LEP had received three exceptional ratings. There was one LEP with two exceptional ratings. Enterprise M3 was one of the top six performing LEPs. No LEP had been judged as inadequate.
- 4.3 Laura Jackson advised that Enterprise M3 was a highly respected and a high performing LEP. Government had raised the benchmarks this year taking a tough stance at the APR on governance and delivery. There was a fine line between being rated good to exceptional, and the Board was advised that Government were reviewing the process for future years. It was acknowledged that other LEPs had scored more highly on Governance because of reaching diversity targets early (one third female board members by 2020). Enterprise M3 were on course to hit the target next year. The delivery category had been set around levels of expenditure. The message would be taken back to BEIS regarding business led Chairs not being happy with the process behind the ratings received. There had been a request for the ratings to be changed to RAG rating in future and the Board was asked to feed back any suggestions where the APR could be improved.
- 4.4 The Board discussed the APR and there was a general view that RAG rating in future would be a preferred method. It was also requested that the system for evaluation for next year was made clear as early as possible and that the rules were not changed at a late stage. The comments from the Board would be taken into consideration and a report on the future APR process would be brought to the Board in the Summer.

Action to be taken	By Whom	When
Report on the proposed Annual Performance Review process to the Board in the Summer	Laura Jackson	September 2019

5. Strategic Board Workshop

- 5.1 Linda Cheung summarised the outcome from the Strategic Board workshop held on 14 February. Feedback which had been very positive, and it was encouraging to see how much passion and energy was conveyed by the Board members. Key discussions related to the LEP's purpose, areas of work that the LEP should be focussing on and whether the LEP was being effective in the right areas. One key area for consideration from the workshop was whether Enterprise M3 was trying to do too much in too many areas and should there be a focus on key areas?
- 5.2 The Board discussed the workshop and it was suggested that there should be an intervention at each Board meeting to reinforce the areas of focus. There was also a view that the Board should take time out to consider new ideas. It was also proposed that before Board meetings information could be collated on perspectives from each Board member and then a key theme selected to form a discussion at each meeting. Board members agreed it was helpful to spend time to get to know each other and that time was required at Board meetings to think creatively rather than just on governance issues.

Action to be taken	By Whom	When
Consider format of future Board meetings to enable time to reinforce areas of focus, discuss key themes put forward from Board members and allow creative thinking time.	Kathy Slack	May 2019
Arrange a Board meeting/dinner to share ideas and provide an opportunity for creative thinking	Kathy Slack	May 2019

6. Declarations of Interest

- 6.1 In addition to all interests previously declared, the following interests were noted:
- Colin Kemp left the room during the decision making on the Woking Sustainable Transport Project item.

7. Enterprise M3 Governance – Local Assurance Framework

- 7.1 The Board received the draft Local Assurance Framework at the January Board meeting and the LEP Review Group had considered the final amendments. The revised Local Assurance Framework was developed with a greater emphasis on monitoring, evaluation and value for money in line with government requirements. The revised version reflected that Enterprise M3 was a legal entity from April 2019 and also the Government requirements regarding the number of Board member and the representation on the Board. The Board considered and approved the final version of the Local Assurance Framework.

Action to be taken	By Whom	When
Arrange for the final version of the Local Assurance Framework to be published on the Enterprise M3 website	Sally Agass	31 March 2019

8. Enterprise M3 2019/20 Delivery and Business Plan

- 8.1 The LEP Review - Strengthening Local Enterprise Partnerships document issued in September, required each LEP to produce a Delivery Plan for 2019/20 by end April 2019. The Delivery Plan would be use as the base document by Government for the Annual Performance Review, especially in the area of delivery. The Board received a copy of the draft Delivery Plan which set out the key focus over the year ahead, how Enterprise M3 would deliver the five strategic priorities

in the Strategic Economic Plan and address the priorities in the emerging Local Industrial Strategy. The performance against the plan would be monitored regularly by the Enterprise M3 team and would be a standing item at Board meetings, reporting progress against the plan, possibly in the form of a dashboard to highlight issues and successes.

- 8.2 The Board discussed the draft delivery plan. It was proposed that a communications programme was required to inform partners and publicise the work of the LEP to organisations in the Enterprise M3 area. It was suggested that use of technology should be considered to promote the work of the LEP and partners. A better cross-over of information was required from the Enterprise M3 website to County and District Council websites.
- 8.3 Kathy Slack advised the Board that stakeholder engagement was a key area of work identified for future focus and White Label would be working with the team as well as Linda Cheung and Stacey King to develop a plan. The Enterprise M3 website was being redesigned with businesses in mind and to enable it to function effectively on mobile devices.
- 8.4 The Board agreed the proposed format for the delivery plan and agreed to delegate authority to the Chief Executive and LEP Review Group to finalise the Delivery Plan and submit to Government by the end of April.

Action to be taken	By Whom	When
Report progress against the Delivery Plan to future Board meetings highlighting issues and successes	Rachel Barker	May 2019
Explore digital communications options to inform organisations and businesses of relevant information and publicise the work of the LEP	White Label Linda Cheung Stacey King	May 2019
Submit the final Delivery Plan to Government by the end of April	Rachel Barker	30 April 2019

9. Resources, Finance and Audit Committee Report

- 9.1 The Board received the expected 2018/19 outturn position and proposed revenue budget for 2019/20 financial year. The forecast outturn position showed a surplus to the end of the year of £154k against a forecast budgeted overspend of £440k. The surplus was mainly due to additional income from Government and additional interest received due to an increase in the Bank of England base rate. There had been some variances in expenditure against the budget which resulted in an overspend of £200k however this had been offset by the additional income.
- 9.2 The budget for 2019/20 showed budgeted income of £3.2m against budgeted expenditure of £3.5m. The Board agreed that reserves be utilised to cover the gap in expenditure. Staff costs comprised the largest proportion of total expenditure which included a full year of the revised staffing structure with additional staffing identified to increase activity around sectors and international focus. The percentage of the total budget spent on staff was in line with previous years. There had been an increase in the budget for research, studies and consultancy which reflected the additional planned work to develop an ambitious LIS, delivery the refreshed SEP objectives and respond to the LEP Review recommendations. The running costs had also increased for 2019/20. This incorporated possible costs for relocation of the Enterprise M3 office.
- 9.3 A three-year forecast was reported to demonstrate that resources would be available to support the ambitious plans. By investing in activities that supported the economy it was planned that reserves would be reduced by £1m from the current level to a prudent level of £1.4m, which was in accordance with the reserves policy. The Resources, Finance and Audit Committee would continue to oversee the budget, manage risks and continue to keep the Board informed.
- 9.4 The Board discussed the expected 2018/19 outturn position and the proposed revenue budget for 2019/20. There was some concern over the ability of achieving increased partner contribution in

the three-year forecast. The Board was advised that discussions would be held with partners before any increases were introduced. It was agreed that the budget showed a strong position but the Board recognised that there were a number of assumptions being made regarding Government funding, Growth Hub funding and the spending review. This was dependent on the Comprehensive Spending Review. Government had not set out when this would be published. The Board approved the proposed the revenue budget for the 2019/20 financial year.

10. Enterprise M3 Office Location

10.1 Kathy Slack advised the Board that work had been carried out to investigate possible new sites for the Enterprise M3 office. The team had grown significantly over the last year, there were now 34 team members, and EM3 had outgrown the current location at Hampshire County Council. It was also felt that the team should be located more centrally in the Enterprise M3 area and in line with the LEP Review to be more business focussed. A number of locations were being explored with the required work stations, meeting rooms, geography and access to public transport. The Accountable Body was being consulted on the proposal and a budget had been allocated for the work. A report would be brought to the next meeting of the Board with options to be considered.

Action to be taken	By Whom	When
Report to the May Board meeting on potential locations for the Enterprise M3 office	Kathy Slack	May 2019

11. Capital Projects for consideration

a) Station Approach Winchester

11.1 The Board received a report setting out the detail on the application from Winchester City Council (WCC) for £5m of capital grant funding towards the Carfax Development and Station Approach Public Realm Gateway Improvements project. The total project costs were estimated to be £80.73m. The project aim was to address the lack of grade A office space in Winchester and enhance the urban environment and pedestrian experience outside of Winchester Railway Station. The £5m LEP grant funding would be used to fund the public realm element of the scheme. It was estimated that the scheme would generate 941 direct FTE office jobs and 21 direct FTE retail jobs, 13,650sqm of net additional employment floorspace and a direct GVA contribution of £56.4m generated from the jobs at the Carfax development.

11.2 AECOM had carried out due diligence on the project and focussed on a number of key areas. Submission of the outline planning application had been agreed by WCC and the application would be submitted the following day. It was highlighted that obtaining outline planning permission was fundamental to the delivery of the project and should be a pre-requisite of concluding the funding agreement. The legal agreement would include a clause that if the outline planning permission was not concluded by October 2019 the LEP would consider reviewing the funding allocation.

11.3 The Programme Management Group (PMG) had discussed the project and requested a breakdown of the allocation of the £5m LEP funded element and further clarity on the commuted sum payment. WCC had confirmed that of the £5m LEP funding, £4m would be used for the cost of the public realm element for the new pedestrian forecourt and space outside Winchester Station. It would also cover physical works to the revised taxi and drop off/pick up arrangements and facilities. WCC had agree in principle that the commuted sum could be used to purchase additional materials to cover future maintenance requirements. The remaining £1m would cover archaeological surveys and advanced utilities and design for the Carfax development. The full detail of the scope and costs of the scheme should be completed in July 2019 and therefore a full review would be tied to the October milestone related to outline planning permission and procurement, to ensure that funding and delivery expectation were being met.

11.4 The Board discussed the project and expressed some concern as to whether a delivery partner had already been identified by WCC, if not it was suggested that there could be further delay. The Board was advised that PMG had expressed similar concerns regarding timescales which was why the October milestone was proposed to review the progress and allocation of funding. It was

suggested that an urgent discussion was carried out with WCC to gain some assurance that delivery was achievable in the forecast timescales. Jim McAllister offered to speak to WCC to offer advice. The Board agreed to allocate a capital grant of £5m to the Carfax Development and Station Approach Winchester Public Realm Gateway Improvements project, subject to the applicant meeting the key milestone with respect of securing planning permission, together with providing satisfactory details on design and procurement of the scheme and providing the Enterprise M3 Team with assurances that the timescales for delivery were achievable.

Action to be taken	By Whom	When
Progress the Carfax Development and Station Approach Winchester Public Realm Gateway Improvements project to contract.	Kevin Travers	April 2019
Contract to include a clause requiring WCC to meet the key milestone with respect of securing planning permission, provide detail on the design and procurement of the scheme and provide assurances that the timescales for delivery were achievable.	Kevin Travers	April 2019

b) Woking Sustainable Transport Project

- 11.5 The Board received a report on the Woking Sustainable Transport Package – Phase 1 which requested a capital grant of £3m to deliver enhancements to walking, cycling and bus infrastructure to promote clean growth in Woking. The total project costs were estimated to be £4.4m. The proposed scheme was promoted by Surrey County Council and would deliver approximately 229 jobs and 2,000m² of new employment floorspace and would support and enhance the role of the town centre as a strategic employment centre.
- 11.6 The Board was advised that the initial business case for the scheme had been considered by PMG on 15 November 2018 and further detail had been requested to demonstrate the benefits of the scheme. Surrey County Council had advised that a paired down methodology had been used to assess the STP in Woking focussing on physical activity and journey quality. However, it had not been possible to quantify the benefits further due to the nature of the scheme infilling missing links which would not lend itself to an accurate assessment by the suggested methodology. PMG accepted that the approach was reasonable at the January meeting. The refurbishment and re-use of 2,000m² of office space in Woking Town Centre had been evidenced by Surrey County Council following surveys of local businesses, however PMG had requested further evidence setting out the benefits. At the February PMG meeting further information was received which demonstrated that the projection of the amount of improved floorspace was realistic with an overall benefit cost ratio for the scheme of 2.8:1. PMG recommended that the Board approve the £3m however suggested that the Woking scheme be used as a model to consider monitoring and evaluation in future for public realm type projects.
- 11.7 The Board agreed to allocate a capital grant of £3m to the Woking Sustainable Transport Package.

Action to be taken	By Whom	When
Progress the Woking Sustainable Transport Package to contract.	Kevin Travers	April 2019

12. Capital Programme Update

- 12.1 The Board received a report on the current position with the capital programme. At the Annual Performance Review the forecast spend for 2018/19 was reported as 99% being achieved. The current forecast suggested that expenditure would be in excess of 95% of the 2018/19 allocation of funding. As the year end approached the figures were changing frequently but the team had put in a huge amount of effort to secure the forecast spend. Nearly 40% of the capital programme over the next two years was still awaiting PMG/Board approval and the presentation of full

business cases was being closely monitored. Existing projects that slipped from their expected business case submission date could end up being replaced by a project in the emerging development pool.

- 12.2 The outputs and outcomes at end Q3 showed that the jobs output for 2018/19 had exceeded the year-end target. The housing outputs figures showed 422 units being achieved to date and it was anticipated that the year-end target would be achieved. The commercial floorspace for 2018/19 was currently below target although the forecast suggested that the figure would be met by the end of the financial year. The apprenticeship output was of particular concern as was significantly below target which in a large part reflected a national trend, however the issue was being raised with colleges to identify why the number of apprentices was falling short of the forecast figure.
- 12.3 The report advised that 17 Expressions of Interest (EOI's) had been received following the launch of the Local Growth Fund prospectus 2019/20. Of those, nine were ranked as category A with a total capital request of £16.8m. The available funding for new projects was currently forecast at £14.1m. PMG agreed that the category A projects should all progress to submit a full business case, however Future Towns Innovation Hub project was for £3m and required approval from the Board. One project was agreed by PMG to proceed to due diligence as was less than £1m. The Board agreed for the Future Towns Innovation Hub proceed to submit a full business case.
- 12.4 One project which had not been ranked as category A therefore was not proposed to proceed was the M3 Junction 9 Improvements project. PMG was of the view that the project should be supported as it was a strategically significant project for Enterprise M3. It was agreed that Enterprise M3 would contact Highways England to convene a meeting with Solent LEP and Hampshire County Council to discuss how available funding could be best used to support the project.
- 12.5 The Board discussed the report and recognised that the programme was coming to an end in 20/21 and that there could be potential issues with some projects completing by the end of 20/21. Toni Wootton advised the Board that a meeting was being held with the Treasury to discuss projects that may not complete by end 20/21, there was also a job currently being advertised in the Treasury to focus on future Local Growth Fund funding models. It had been noted that there was a lack of clean growth projects in the current EOIs submitted and discussions would be held with neighbouring LEPs to identify any potential cross-LEP interventions. The Chair suggested sharing good practice from the other areas e.g. the Solar Farm in West Sussex, and whether something similar could be replicated in a large development area. The LEP could consider making design funding available similar to what was provided for the HIF bids to develop clean growth projects. The Board also discussed the M3 Junction 9 Improvements project as it was not clear why there was an expression of interest for such a small amount of LEP funding had been submitted. It was explained that the understanding was that Highways England had been requested to secure some funding from LEP's for projects to show local support.

Action to be taken	By Whom	When
Progress the Future Towns Innovation Hub to a full business case.	Sue Littlemore	April 2019

13. Government Plans

- 13.1 Laura Jackson informed the Board of current areas of Government focus. There were no further details to report on Brexit which had not already been reported in the media. The Government was still very interested in views and insights so Enterprise M3 was encouraged to continue to maintain a dialogue with Government and feed in any relevant information. It was recognised that the Brexit outcome could have a huge impact on the economy. Details of what business were doing, particularly foreign owned businesses, were being compiled, it had been recognised that there could be a significant impact on the Enterprise M3 area.

- 13.2 The Stronger Towns Fund was announced on 4 March, a £1.6bn fund over seven years. £1bn of the fund had been allocated using a needs-based formula, which favoured the North and Midlands, and £600m was available through a competitive process. Laura highlighted that the Stronger Towns Fund would need to relate to the place element in the Local Industrial Strategy (LIS).
- 13.3 The work being carried out by Enterprise M3 on the LIS was encouraging and Government were keen to keep testing the work with the LEP. It was suggested that the LEP worked with Government to ensure it was robust and conveyed the correct message. The importance of keeping Ministers informed before receiving the final version was highlighted therefore it was requested that an open dialogue be maintained.
- 13.4 The Board discussed the update on Government plans. A request was made to provide LEPs with some information on the likely outcome of the spending review before it was announced to enable some planning to be carried out.

Action to be taken	By Whom	When
Maintain and open dialogue with Government on the development of the LIS	Kevin Lloyd	Ongoing
Advise the LEP on the likely outcome of the spending review before the formal announcement	Laura Jackson	Summer 2019

14. Chief Executive’s Report

- 14.1 The Board received the Chief Executive’s Report which set out the current key areas of work for Enterprise M3. The Energy Strategy was officially launched on 25 March and the work would now start on exploring what could be achieved. The work on the Energy Strategy had provided a good profile for cross-LEP working. The Board was advised that several applications from local authorities for Future High Street Funds had been supported by the LEP. There had been some statistical work carried out and the Enterprise M3 area was shown to perform better than some other areas however it was important that local authorities continued to apply for the funding. The LEP had been represented at a meeting with the Department for Transport to push for greater clarity over the future proposals on Southern Access to Heathrow. The Masterplan for Heathrow was expected at the end of June 2019 and would be included as an item for discussion at a future Board meeting.
- 14.2 The Board was reminded that the Annual General Meeting would be held at the Farnborough International Exhibition Centre on the morning of 21 June, the content of the AGM would be discussed at the next Board meeting. Rob Dunford and Kathy Slack had met with Farnborough International to discuss the future events in their calendar, there were some which were well aligned with the LEP’s key sectors. One event in particular, the Innovation and Technology in Transport 2020, which it was expected would be held in May 2020, was an exciting event and a meeting was being arranged with the organisers to discuss how the LEP and Hampshire County Council could be involved.
- 14.3 The Basingstoke HE Group was raised and it was questioned whether Basingstoke College of Technology had been included in discussions. Kathy Slack advised that a key meeting was being held with the universities to discuss what was possible. It was confirmed that Basingstoke College of Technology would be kept informed.
- 14.4 Representatives from a large company had flown in from India to meet Enterprise M3 and visit the 5G Innovation Centre at the University of Surrey. They were also considering other UK locations but had not originally considered the Enterprise M3 area until contact had been made from the LEP team to develop a relationship and showcase the area.

15. Joint Leaders Board Update

- 15.1 Cllr Clive Sanders advised the Board that the Joint Leaders Board (JLB) received a presentation from Enterprise Holdings which was an extended version of the presentation received by the Board

at the January Board meeting. The presentation gave local authorities lots of ideas to develop further. The JLB also considered LIS subject areas for future JLB meetings and the scrutiny to be carried out in September.

15.2 Cllr Clive Sanders advised the Board that he would be stepping down as Leader of Basingstoke and Deane Borough Council and in turn would therefore be stepping down as an Enterprise M3 Board member. This meeting would be his last Board meeting. As a result a new representative from a Hampshire local authority would be required to be appointed to the Board at the next JLB. The Chair thanked Clive, on behalf of the Board and on a personal level, for all of his work and help over the years, it was agreed that Clive had been an invaluable member of the Board and would be missed.

16. **Programme Management Group Report**

16.1 The Board received and noted the minutes of the Programme Management Group meeting held on 7 February and 14 March 2019.

17. **EU Programme Update**

17.1 The Board received and noted the progress on the EU Programme.

18. **Forward Programme**

18.1 The Board received and noted the Forward Programme.

19. **Any Other Business**

19.1 Nick Elphick was stepping down as a co-opted member of the Board and this was his last meeting. The Chair thanked Nick for all his work on the Board during his term as a Board member, particularly for remaining on the Board as a co-opted member until the work on incorporation was completed.

19.2 The future Enterprise M3 Board meetings would be held on

- Wednesday 22 May 2019 – Watts Gallery, Compton
- Thursday 25 July 2019 – Desklodge, Basing View
- Thursday 26 September 2019 – Whitehill and Bordon (TBC)
- Thursday 28 November 2019 – Elmbridge (TBC)
- Thursday 30 January 2020
- Thursday 26 March 2020