

CAPITAL FUNDING

To support the Enterprise M3 Economy



enterprise **m3**

Delivering prosperity through innovation

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FOREWORD & INTRODUCTION

Enterprise M3 is investing in big ideas. This is an invitation to innovators and entrepreneurs with energy and vision, to join us in the delivery of our ambitions to make our high performing economy even more competitive.



Dave Axa

CHAIR, ENTERPRISE M3 LOCAL
ENTERPRISE PARTNERSHIP

We are looking for collaborators who can play to the outstanding strengths of our economy: our digital and design technologies, our world class knowledge and research base and our high value, high tech businesses, to come forward with their most creative, innovative and high impact ideas.

To the most promising plans we can offer funds and support to turn our shared aspirations into a joint success.

The four Grand Challenges of the Government's National Industrial Strategy, Ageing Society; Clean Growth; Future of Mobility and Artificial Intelligence & Big Data are our region's opportunities.

Enterprise M3 fully recognises the importance of Government, businesses, academia and local economic organisations working together to capitalise on the potential of these opportunities to make a real difference to people's lives.

This Prospectus is our invitation to existing and future partners to seize the funding opportunities we offer and work with us to take forward the success of our businesses, the prosperity of our people and the growth of our region.

A handwritten signature in black ink, appearing to read 'DA', written over a light grey background.

Dave Axa

Chair, Enterprise M3 Local Enterprise Partnership.

SECTION 1

KEY AREAS OF INTEREST AND IMPORTANCE TO ENTERPRISE M3

BACKGROUND

The Enterprise M3 area is a national asset to the UK and an overall net contributor to the UK economy. We are home to over 1.5 million people, 76,040 businesses and have a huge ambition to grow our economy by 4% per annum on average. This increase in growth will add £39bn of GVA to the UK economy and is ambitious, based on an UK average growth rate of 1.6%.

The Enterprise M3 area is an advanced knowledge-based digital economy that has attracted the highest number of foreign owned firms of any LEP outside of London. The area boasts fantastic universities along with 3 Enterprise Zones at Basing View, Longcross and Whitehill & Bordon which provide strategic enabler locations in the area alongside a rich network of support for innovative and entrepreneurial businesses. Our strategic investments in enabling infrastructure such as housing, transport and digital connectivity, together with investment in talent, training and re-skilling, are where we add value and help enable productivity and growth. Add to this, nurturing an entrepreneurial ecosystem of support, finance and access to the latest technology test beds, and Enterprise M3 is a LEP which consistently delivers results.

Since 2012, Enterprise M3 has been allocated £218 million in capital funding from central Government and has used this funding to support almost 100 transformational projects that are helping the local economy to grow and flourish. Through the Growing Enterprise Fund and Local Growth Fund, Enterprise M3 has invested across Hampshire and Surrey to deliver vital jobs, new homes and business growth. These projects have resulted in 1600 new jobs, 600 new homes, over 24,000 sqm of floor space and 900+ new apprenticeships in urban and rural locations, supporting businesses and citizens with their ambitions.

Work taken forward under the terms of this Prospectus will also complement and support the outcomes of the Science and Innovation Audit undertaken in 2017 and sponsored by BEIS which reviewed the outstanding strengths of Innovation South – a consortium of over 120 private and public organisations from across Dorset, East & West Sussex, Hampshire, the Isle of Wight, Kent, Surrey, and the Thames Valley - in digital enabling technologies and the application of these technologies to make advances in several key sectors including Digital, Biosciences, Marine & Maritime and Advanced Engineering.

The audit highlighted a 'powerhouse of world class strengths in digital enabling technologies and underpins all of our current thinking.

Digital and data technologies and clean growth have been identified as the key stimulants in delivering higher productivity across the wider economy. The underpinning and cross cutting nature of digital technologies and clean growth mean they are important not only for directly related sectors, but also for delivering higher productivity across the wider economy. We are therefore determined to fully harness the potential of the digital economy in our area and use this to drive forward smarter cleaner growth. All projects will be expected to demonstrate how their project will maximise opportunities through digital technologies and clean growth.

Local Industrial Strategy

The Government has confirmed that they expect each LEP area and combined authority to produce a local industrial strategy (LIS) focused on enhancing productivity and aligned with the National Industrial Strategy ("Building a Britain Fit for the Future). For the Enterprise M3 area, the LIS will take forward the ambitions set out in the Strategic Economic Plan which gives a clear direction of travel for the period to 2030. The LIS has to be in place by early 2020 but our intention is to have a well-developed approach by the middle of 2019.

For Government, one of the purposes of local industrial strategies is to help shape future spending programmes including the use of the Industrial Strategy Challenge Funds and the prospective Shared Prosperity Fund. For us, the development of the LIS is also an opportunity to tap into those funds to secure investment for a number of transformational actions and projects. This Prospectus is focused primarily on shorter term interventions that can help take forward the SEP. However, the LEP Board have discussed how to approach the development of the LIS and work on its development will now start in earnest. We now plan to strengthen our evidence base and probe deeper into those areas that are holding back business growth and productivity. Participation and co-design with stakeholders and partners will be particularly important in arriving at firmly grounded propositions as will an evidence base and analysis that supports the shaping of those interventions.

Amongst other things the LIS will:

- **have a major emphasis** on developing the workforce of the future which will support new business processes and models, particularly through increased digitisation;
- **take forward** the focus of the Innovation South science and innovation audit on priority sectors (covered in some detail in this Prospectus)
- **promote** the development of a 5G Region which will achieve a step change in digital connectivity and facilitate the commercialisation of some of our major knowledge specialisms
- **promote** improved connectivity and mobility across the area
- **support** clean growth; and
- **support** local authorities in meeting the housing needs of the area.

The LIS will also identify the potential to contribute to the four Grand Challenges set out in the National Industrial Strategy: The Ageing Society; Clean Growth; Future of Mobility and Artificial Intelligence and Big Data. Accordingly, we would also be very interested in responses to this Prospectus which are relevant to this longer term context and which could be developed into propositions for future investment through the development of the LIS.

FIVE PRIORITIES FOR GROWTH



This Prospectus, issue 1 (December 2018) focusses specifically on current areas of opportunity that have been identified as being of strategic importance to Enterprise M3. Projects supporting these areas alongside digital technology developments and clean growth will be prioritised over all other applications. It should be noted that future issues of our Prospectus may change to take account of the development of our Local Industrial Strategy and/or availability of funding.



CLEAN GROWTH THROUGH DEVELOPING A LOW CARBON ECONOMY – THE CLEAN GROWTH ENTERPRISE FUND

The Coast to Capital, Enterprise M3 and South East LEPs have developed an Energy Strategy which aims to achieve clean growth from now until 2050 in energy across the Power, Heat and Transport sectors (draft report - October 2018).

Clean growth is about growing our local economy - creating jobs and building sustainable income streams - while cutting greenhouse gases. Delivering clean growth is at the heart of the UK's Industrial Strategy, whilst continuing to provide an affordable, sustainable and secure energy supply for businesses and consumers.

Over the last two decades the UK Government has set an ambitious agenda to foster the transition to a low carbon economy. The Climate Change Act (2008) provided a strong legislative basis for the future direction of our energy system and wider economy, and this led the way to many other fundamental reforms to energy, transport, industrial, agricultural and fiscal policy. The Government's Industrial Strategy and Clean Growth Plan launched in 2017, has laid out a path towards building a system that is cleaner, smarter, more efficient, and reflective of the environmental costs of greenhouse gas emissions.

Five priority themes have been identified as part of the draft Energy Strategy.

These are:

1. **Low carbon heating** - the deployment of heat networks in the energy mix.
2. **Renewable Energy** - generating more power from renewable, low or zero carbon sources of electricity.
3. **Energy Efficiency** - improving domestic and industrial energy efficiency.
4. **Smart energy** – new and smart technologies for managing the energy network.
5. **Transport Revolution** - roll-out of low carbon transport infrastructure in the energy mix.

Our vision is for the Enterprise M3 area to become known at home and abroad for its high tech; high growth; low carbon economy. We will help fund ambitious, innovative capital projects which drive clean growth, enhance productivity and create jobs in green industries.

Examples might include a proposal to turn an Enterprise Zone, Business or Science Park into a low carbon area with minimal or zero dependence on fossil fuels. Another idea might be to establish a catapult or incubation, innovation and commercialisation facility for hi tech SMEs who wish to develop and test low carbon and sustainable energy technologies with a view to tapping into UK and International export markets. In transport, there are many opportunities to reduce our carbon footprint, for example by installing more electric car points at petrol stations, shopping centres and supermarket car parks, as well as large business car parks whilst in health and adult social care, 5G diagnostic equipment could be used at home rather than the user travelling to a hospital which would create a transport solution as well as improve care.



Enterprise M3 welcomes innovative bids which support our Clean Growth ambition.

SPACE

The UK Space industry is a highly successful and productive sector worth £13.7bn to the UK economy, or 6.5% share of the global market, whilst employing more than 30,000 employees.

With the global market for space forecast to increase from £155bn per annum to £400bn per annum by 2030, the UK seeks to capitalize on this growth and increase revenue to a £40bn turnover per annum and its share of the global market to 10% by 2030, creating a demand for more than 30,000 new jobs skilled in STEM subjects. The opportunity for this growth focuses on four sector market priorities including Earth Information Services, Connectivity Services, In-Space Robotics, and Low-Cost Access to Space according to the Prosperity from Space, Space Growth Partnership report, May 2018.

The Enterprise M3 area is responsible for a greater share of the UK Space industry than any other LEP region outside of London. According to the report 'Size and Health of the Space Industry, London Economics/UKSA' published in December 2016, the Enterprise M3 area plays host to 79 space organisations with a total turnover of £1.9bn, and an employment base of over 2000 people in highly productive jobs (2.7 time the average UK national productivity). The Enterprise M3 area also has an unusually high fraction of 'upstream' (manufacturing and operations) companies compared to other areas, and 40 of the organisations in the area operate in downstream space applications.

Enterprise M3 seeks to maximise the opportunities of the expected growth of the global space economy by stimulating growth in this high value sector, to double the value of the sector in the area by 2030, whilst creating additional high value jobs. We are already working with industry and research-intensive universities on projects to deploy digital technologies to drive innovation and growth, for example, through the work with the University of Surrey and globally significant satellite companies to link 5G and satellite technologies, which will lead to innovation in many sectors including transport and health. Another example is work being carried out by the Enterprise M3 led Innovation South consortium to use digital technologies to drive productivity in health and social care sectors.

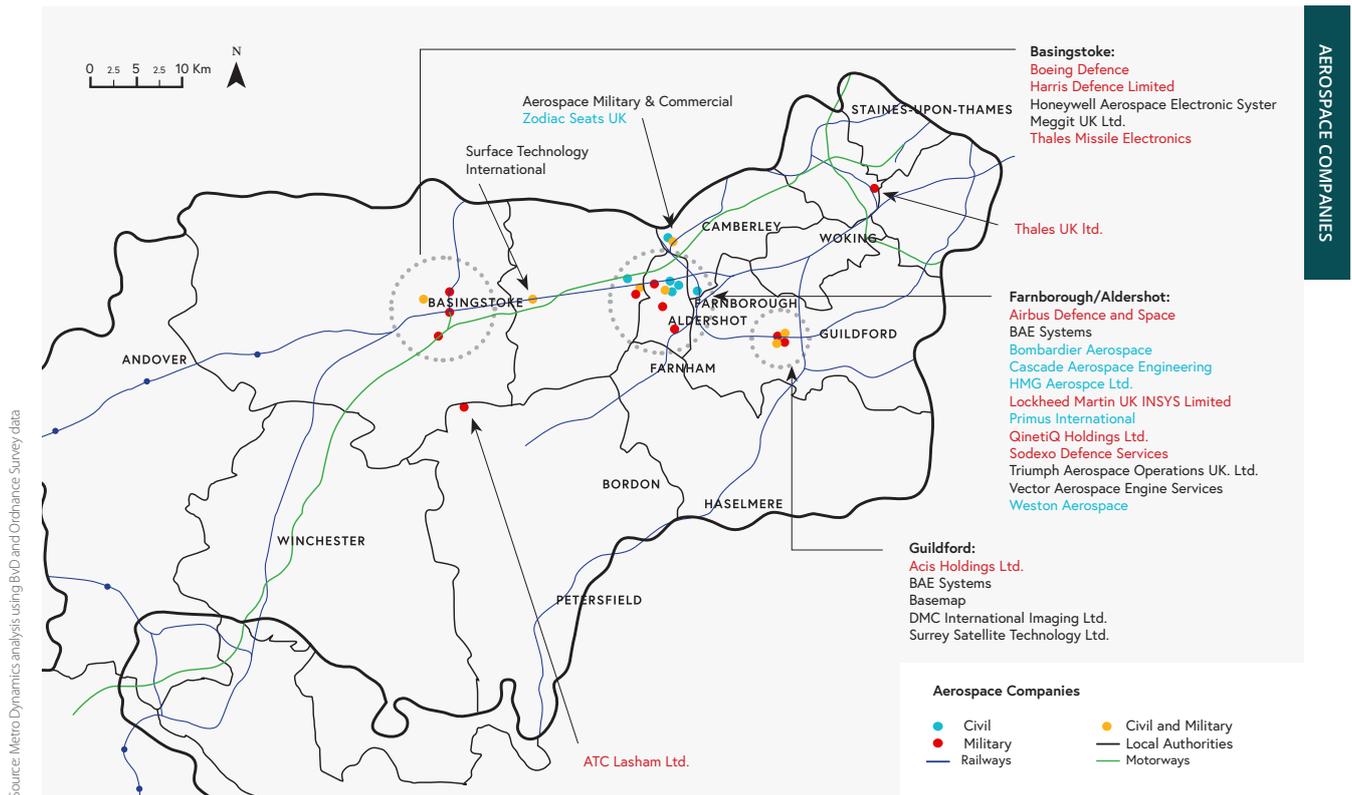


Enterprise M3 seeks to support industry/university led initiatives in the space sector and is keen to receive applications for capital funding that further develop projects in the following areas:

- Combining 5G and satellite technology with space data and artificial intelligence (AI) capabilities to drive productivity growth and connectivity in space-enabled sectors across Enterprise M3.
- The development of Earth information services (production and use) that benefit Enterprise M3 businesses and enable other Enterprise M3 high value sectors
- In-space robotics for example in the manufacture of satellites - a concept that provides a revolution in both the risk profile and economics of building the satellites of the future.

AEROSPACE & DEFENCE

The Enterprise M3 area is home to internationally significant aerospace and defence clusters e.g. Farnborough and Aldershot, and is home to some of the world's largest aerospace and defence businesses.



Regionally in the South East, the sector has grown by an average of 5.6% per annum since 2011 (Farnborough and Southern Aerospace Cluster study 2018) against a UK wide growth of 2.2% in 2016 (Market Line industry profile, November 2017). The Catapult centres across the UK are a network of world-leading centres designed to transform the UK's capability for innovation in specific areas and help drive future economic growth. They are a series of physical centres where the very best of the UK's businesses, scientists and engineers work side by side on late-stage research and development – transforming high potential ideas into new products and services to generate economic growth. These centres of excellence bridge the gap between business, academia, research and government; they promote collaboration and knowledge exchange allowing many progressive businesses and organisations to build new partnerships with reduced risks. Catapults are an invaluable resource to companies in a wide range of markets.

The Innovation South audit identified that there was a lack of test facilities for autonomous vehicles alongside a lack of facilities for SME innovation in Farnborough and surrounding areas thereby limiting the development of the sector. Most innovation is undertaken at a business level without access to skills, markets or test equipment.



Enterprise M3 wishes to consider funding a 'Catapult' type facility focussed on the Aerospace and Defence sectors and/or autonomous systems and is looking for innovative proposals as to how capital funding could be used to promulgate this development. It would be anticipated that high value job creation will result following this investment.

NEW MOBILITY

Alongside the Government's Grand Challenge of Future Mobility, Enterprise M3 is currently producing its own mobility strategy.

We will focus our efforts where we can add value, working with business and not duplicating work underway at a national and international level. Our priorities and investment will focus on four key areas all of which can be underpinned by smart infrastructure.

These are:

- **Automated Vehicles**
- **Connected Vehicles**
- **Electric Vehicles**
- **Mobility as a Service**

For autonomous and connected vehicles, we would seek to focus support on public transport and fleet vehicles and are keen to work with private sector companies in our area that are already active in this field. Innovation from private sector companies is sought to respond to this challenge. For Electric Vehicles, development is being led by the market and is not an area the LEP will get directly involved in. However, we can support the rollout of the infrastructure to support Electric Vehicles. We believe that local authorities working in conjunction with the private sector are best able to provide slow and fast charging facilities. Enterprise M3 would look to support the placement of rapid charging points (electric, wireless, inductive charging) alongside these initiatives to future proof the system. Ideally, local authorities will work collectively across EM3 in this activity. LEP funding could match investment for more traditional charging or the upgrading of infrastructure. This development could be particularly beneficial for rural and less urban areas.

Mobility as a service clearly also has strong linkages to the proposition related to sustainable transport – see sustainable transport section. However, the key area of our focus will be in supporting projects that making journeys simple and seamless, so that whatever modes are being used there is only a need to plan and pay once whatever journey is being made.



There are a number of enablers to this which the LEP would be willing to support.

These include:

- Shared mobility - ride sharing, car sharing, bike sharing.
- E-hailing in terms of hailing a transport service using your smart phone or computer.
- On-demand transportation services which can combine shared mobility and e-hailing.
- Real-time transport and traffic information and incident reporting.
- Single payment systems.
- Multimodal apps allow the user to compare different transport modes and allowing mixed-modal trips.
- Digital management of networks and systems to maximise efficiency and improve provision of information to enable better decision making.

DIGITAL HEALTH

Bioscience is an industry in which the UK has global strengths. The Innovation South audit highlighted that in the South, bioscience is a significant, and high-value, sector.

There is strong representation from the larger bioscience businesses and the region has particular capabilities in med tech, and digital health applications linked to changing demand for health and social care and plant and animal health.

Within the Biosciences sector, the Office for Life Sciences highlights the growth of two areas of increasingly important activity.

Digital Health:

With products reliant on digital technologies and content, including hospital and GP information systems and medical data analytics and visualisation, as well as medical devices which have a significant digital component essential for their functionality and/or deliver health related data.

Genomics:

The sampling, sequencing, analysis, interpretation and application of human genomic information to improve clinical services.

The Science and Innovation Audit identified that new markets are developing in connected medical devices in four main areas. Firstly, this includes 'smart assistive technology', devices helping people perform tasks made harder by their condition, and, when enabled with sensors, help the user, or medical professionals, monitor performance. Secondly, at an operational level, much of the scope for digitisation in the health sector has yet to be realised. The mainstream use of 'machine learning' to support clinical decisions will lead to greater advances in care, and the potential to analyse and visualise multiple patient records.

The UK has a fantastic opportunity to gain economically from health service digitisation through the integrated NHS and its potential for robust data collection. Thirdly, computing ability is driving down the cost, and increasing the effectiveness, of drug discovery, as the potential to screen multiple samples and analyse complex data increases. Fourthly, digital technology offers a new opportunity to develop a more integrated approach to plant and animal health science. The UK's strategy for animal and plant health science research highlights an aspiration for a 'UK Animal and Plant Health Internet of Things' enabling faster detection and analysis of animal and plant health risks.



In recognition of these findings, Enterprise M3 seeks to support capital projects that will involve SME business innovators working with universities and large corporates in driving productivity improvements in the Health and Social Care sector. It is anticipated that capital funds will be made available to SMEs to further develop their technology and to roll out its use across the Enterprise M3 area.

TRANSFORMING COLLEGES

Enterprise M3 recognises the importance of a vibrant and thriving FE sector delivering skills and experience to our young people alongside the re-training of employees. An ongoing understanding of current and future business requirements is required in collaboration with employers of all sizes who are struggling to fill existing vacancies.

Enterprise M3 has allocated capital funding to its transforming colleges programme. This programme is aimed at developing existing college infrastructure across the Enterprise M3 area to meet the future demands of business and industry. The Technology Tower at Guildford College and the Emerging Technologies Hub and Innovation Centre at Farnborough College of Technology are examples of projects previously supported by Enterprise M3. This latter project has created a new dedicated technology hub and innovation centre with a primary focus on the delivery of skills in emerging technologies and provide training on the use and application of new technologies. Emerging technologies, by their very nature, will evolve over time, but an initial area of focus within the new facility will be on the application and integration of virtual reality and drone technology across a range of business sectors including construction, aerospace, engineering, media, business and ICT.



In order to maximise the benefits arising from this theme, Enterprise M3 is seeking applications from the college network rather than individual colleges. These projects should seek to improve college infrastructure and meet future business needs based on documented gaps in provision. Examples might include the redevelopment of motor trade training areas within colleges to be ready for electric vehicle technology or projects that enable and support the development of skills training in low carbon technologies. Ongoing development of the Innovation South Virtual Campus would also be welcomed.

SUSTAINABLE TRANSPORT

Enterprise M3 will invest in sustainable transport packages, with a strong focus on improving the quality of sustainable forms of transport so that the modes of public transport, walking and cycling can play a role in reducing congestion and providing access to employment, retail and services.

Enterprise M3 is keen to support a wider range of travel options for local journeys in our main urban centres which will help reduce dependence on the private car. Similarly, improving access to employment by sustainable modes, this should enable those who currently commute by car to reduce the proportion of disposable income spent on travel to work by switching to the bus or walking or cycling. Sustainable transport projects can also offer employers access to a wider pool of skilled people, including young people, who do not have access to a car or cannot afford to run it (enabling those without access to a car to travel to opportunities further from where they live than would otherwise be the case).



The LEP wishes to continue our strong support of sustainable transport schemes that promote economic clean growth by encouraging and supporting alternatives to the conventional car. The LEP remains committed to continuing to support investment in sustainable transport packages that maximise economic benefits. Previous schemes have supported sustainable modes of transport to ease congestion and improve traffic flows leading to reductions in delays and more efficient movement of people into and out of business areas.

SECTION 2

HOW TO BID FOR FUNDING

COLLABORATIVE WORKING

Enterprise M3 wishes to work collaboratively with all partners on all projects and to co-develop project thinking. Please speak with us as you are developing your ideas.

Please speak with us as you are developing your ideas - specific contacts are detailed below or generally to bids@enterprisem3.org.uk. Once you are considering a project and before you submit an Expression of Interest form, please contact the Enterprise M3 team to discuss your scheme and its suitability for this funding. An Enterprise M3 lead must be assigned to each scheme before funding application submissions are made.

AREA OF OPPORTUNITY	ENTERPRISE M3 LEAD	CONTACT DETAILS
Space	Chris Quintana Helen Caney	Chris.quintana@enterprisem3.org.uk Helen.caney@enterprisem3.org.uk
Aerospace & defence	Chris Quintana Helen Caney	Chris.quintana@enterprisem3.org.uk Helen.caney@enterprisem3.org.uk
New mobility	Kevin Travers	Kevin.travers@enterprisem3.org.uk
Digital health	Sue Littlemore	Sue.littlemore@enterprisem3.org.uk
Clean growth	Jennie Pell	Jennie.pell@enterprisem3.org.uk
Transforming colleges	Jeannie Satchell	Jeannie.satchell@enterprisem3.org.uk
Sustainable transport	Kevin Travers	Kevin.travers@enterprisem3.org.uk
Enterprise Zones	Christian Cadwallader	Christian.cadwallader@enterprisem3.org.uk

SECTION 2

ELIGIBILITY CRITERIA

The following criteria will be applied to all projects and must be demonstrated by projects that receive funding:

- Have a strategic fit for Enterprise M3 with reference to the Strategic Economic Plan, emerging Local Industrial Strategy and/or Science and Innovation audit
- Provide a response to the areas of opportunity detailed in section 1 of this Prospectus including support for digital technology development and/or clean growth
- Deliver economic growth
- Provide value for money

It is recommended that all applicants complete the following checklist before completing an Expression of Interest (EOI) form. If you can answer 'yes' to the following statements, then this funding stream might be right for your project. Please note that entering 'no' does not mean that your Expression of Interest will be unsuccessful. If you are unable to answer some of the questions or if you are unsure whether the project fits the scheme, please contact us as we can guide you through the process or, alternatively, advise you on any other funding schemes available that may be right for your scheme.

PROJECT STATUS	YES	NO
My project requires capital funding		
I have an agreed outline and detailed cost breakdown for my project		
Where necessary, legal and planning consents are in place or will be in the next 6 months		
I have spoken with the Enterprise M3 lead for this project		
I can deliver my project by 31st March 2021		
The project is delivered within the Enterprise M3 area*		
The project incorporates digital and data technologies, and clean growth		
This project has match funding (public or private) at 50% or more of project cost		
The project supports the Government Industrial Strategy		
The project is linked to the Enterprise M3 Strategic Economic Plan		
The project is linked to the Innovation South Science & Innovation audit		

* in line with changes to LEP boundaries, this includes the whole of East Hampshire, Test Valley and Winchester along with existing areas.

FUNDING

Please note the following:

- All funding is capital. There is no revenue funding available
- Loans are preferred over grants and will always be prioritised.
- Ideally, Enterprise M3 funding should be no more than 50% of the total direct investment in the project. The higher the matched funding available, the greater your chance of being successful with your application
- Larger scale schemes requiring more than £1million of Enterprise M3 funding i.e. projects with a total value greater than £2million will be prioritised over smaller schemes. Smaller schemes are still welcomed where this level of funding is appropriate to drive economic growth.
- All bids are subject to the availability of funding. When the funding has been fully allocated, no further bids will be accepted and subsequent submission dates will be cancelled. This will be communicated to partners using established methods of Enterprise M3 communication.
- Funding can be in the form of loans or grants or a combination of the two. Enterprise M3 must comply with State Aid rules and therefore in the majority of cases this means that a rate of interest will have to be levied on loans and there will be limitations about the type of projects that we can support with grants. Applicants should be mindful of this when submitting an Expression of Interest to the fund and should seek appropriate advice.

KEY CONSIDERATIONS

- Payment will be made upon achievement of key milestones.
- A 2% application fee will apply to successful grant applications, or the grant portion of the application in case of part loan/part grant projects. This application fee is charged to contribute towards the costs of administering the funding including the appraisal, undertaking due diligence and programme level monitoring processes. The fee should be considered as a project cost and included within the funding sought from Enterprise M3, effectively making the fee recoverable by the applicant. Provision for this should be included in the costing of proposals. The fee will be payable following confirmation from Enterprise M3 that the project is being progressed to the due diligence stage. If the application is not successful following appraisal and due diligence, the fees will be refunded to the applicant, with any costs associated with due diligence having been deducted in order to cover Enterprise M3's costs.
- Interest payments cannot be included in the costings.
- All projects must deliver economic outcomes which can include jobs, housing, business support/development and apprenticeships/training. It is recognised that some projects may see economic benefits beginning to materialise after 18-24 months whilst others may take longer to be realised.
- Projects must align with our areas of opportunity, deliver economic growth, kick start or bring forward development and be deliverable by March 2021.

VALUE FOR MONEY

The funds that Enterprise M3 LEP is making available to applicants are public funds. Therefore, it is vital that the LEP achieves strong value for money (VFM) for all loans and grants awarded. The LEP's Assurance Framework sets out that investment decisions using public funds are made with reference to statutory requirements and subject to the checks and balances of our Accountable Body, including financial duties and rules which require local authorities to act prudently.

Enterprise M3 LEP may provide support to a proposal in the form of loans or grants or a combination of the two. Loans will always be favoured over grants.

The VFM that any proposal will deliver will be assessed on the basis of the information provided by applicants within both the EOI and business case (where appropriate) submitted. The actual form of the business case will be in line with Green Book guidance as published by HM Treasury <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government> and proportionate to the value and nature of the proposal being applied for. For example, a transport proposal will need to provide additional information that relates to the guidance for these schemes.

The Enterprise M3 LEP will assess all applications for funds it receives on key criteria and deliverables to be achieved across its programmes. Each application whether EOI and business case, will be appraised independently and advice provided to the relevant LEP decision-making group.

All proposals should include a clear rationale for intervention, together with a clear description of the strategic and viable objectives, while delivering good VFM compared to potential alternatives. The key criteria that VFM will be assessed against are as follows:

Matched funding

The funding sought by an applicant to support a proposal should be the minimum necessary to make the project happen, that is, it should not displace other sources of funding. Scheme promoters will be expected to maximise the level of match funding and the potential synergy and suitability of other sources of investment support, including European programmes, will be considered. Where a loan is requested the Enterprise M3 can consider funding up to 100% of the project value. For grant requests, the LEP wants to achieve the maximum direct match for any funds awarded and will want to see Enterprise M3 funding being no more than 50% of the total direct investment in a project.

Where a proposal can identify that wider leverage will be delivered by the scheme, this will be taken into consideration as part of the assessment and be positively scored.

Delivery of outputs and outcomes

All proposals should clearly identify the level of outputs and outcomes a proposal will deliver and specify these within the EOI or Business Case. Enterprise M3 LEP is seeking to deliver key outputs through its funding and all applications will be considered and compared against the benefits that are anticipated to be achieved. The LEP and its assessors will utilise appropriate measures of VFM. These include Net present Social Value (NPSV), or Benefit Cost Ratios (BCR). Specific approaches for different types of proposal, such as WebTAG assessments for transport schemes, will be expected to be undertaken and provided by the applicant.

Deliverability and risk

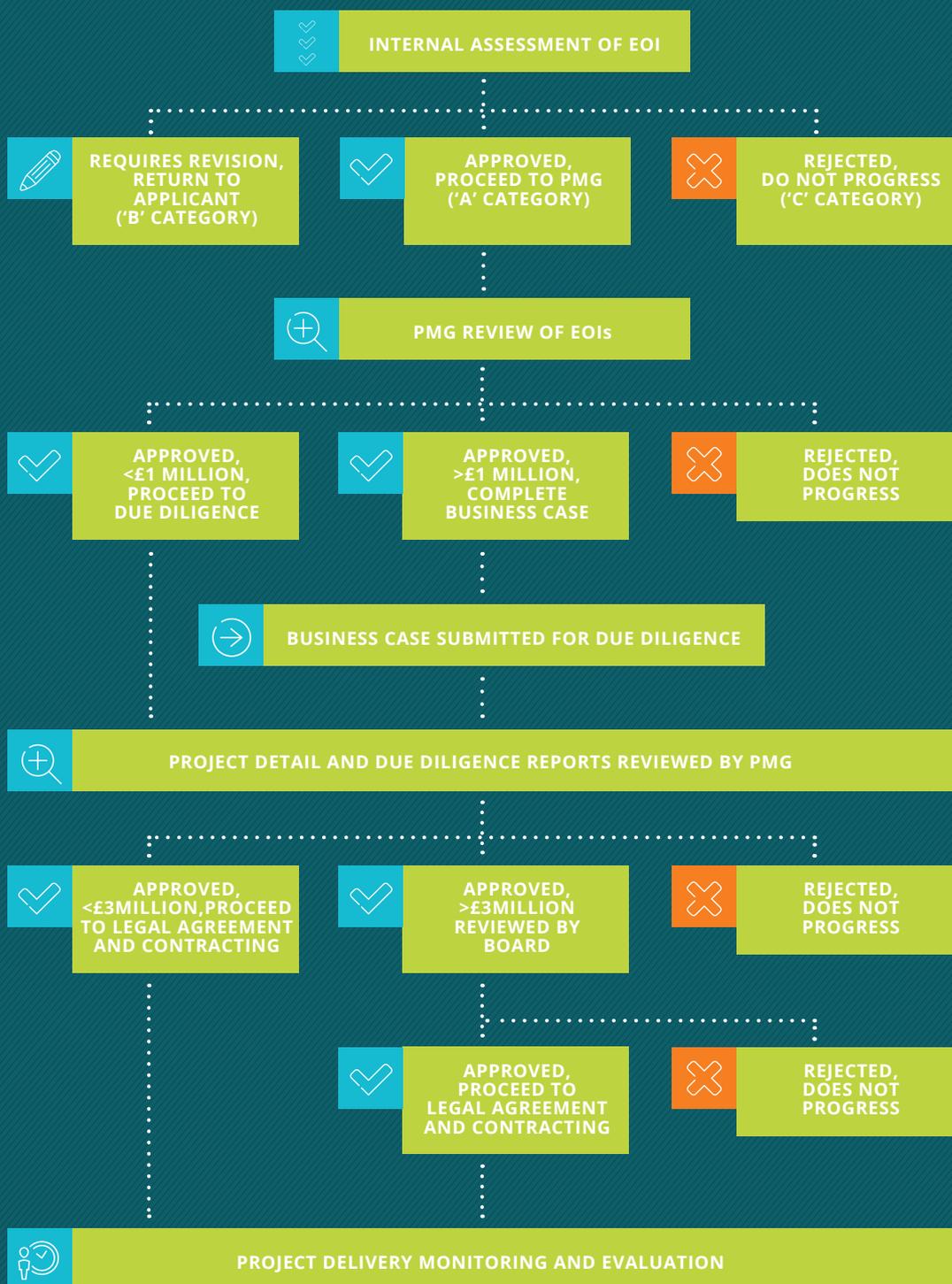
Applications will be considered in relation to how deliverable they are and the level of risk they present. Scheme promoters are expected to include a risk analysis as part of their proposal and importantly identify how risks can or will be mitigated. For Business Case submissions, information on the likely cost impact of mitigating actions will be required. Applicants should define the arrangements for delivery of their proposal, including commercial, financial and management as relevant to the project. The viability of these will be assessed as part of the appraisal process.

Post award

Scheme promoters should be aware that projects will continue to be monitored and evaluated post award of funds by Enterprise M3 LEP. The LEP is required to report back to Government on the achievements and benefits funds have delivered and all successful awards will be expected to provide information to the LEP on expenditure, outputs and outcomes. These requirements are set out within the contract for funds a scheme lead organisation will sign up to. Where schemes and projects do not deliver as expected, the LEP and its Accountable Body have the responsibility to review the project and scheme leads will prepare and agree an action plan to address the problems that arise. The LEP will also undertake evaluations and reviews of projects in line with its Evaluation Strategy.

DECISION MAKING PROCESS

Enterprise M3 takes a clear and transparent strategic approach to the allocation of funding and runs the following process.



DECISION MAKING PROCESS

- All projects must submit an Expression of Interest into bids@enterprisem3.org.uk.
- EOIs must be received by 5pm. Any bids received after these dates will not be considered until the next submission date. The dates for submission of EOIs are:
 - **Thursday 21st February 2019**
 - **Thursday 18th April 2019**
 - **Thursday 27th June 2019**
 - **Thursday 29th August 2019**
- Expressions of Interest are independently assessed as either A, B or C category projects. An 'A' project will encompass all levels of SMART objective in that it will address a (S)pecific strategic Enterprise M3 theme as detailed in this Prospectus, it will be (M)easurable through monitoring and reporting throughout the project timeline and beyond, it will be (A)chievable within the specified costs and timeline, it will be (R)ealistic in relation to the rationale for providing public funding and (T)imed with a specified set of project timelines/ milestones.
- A 'B' Project is judged to be deliverable but questions remain over one or more areas of the proposal either a lack of strategic fit to EM3 themes, a lack of rationale for public funding, costings and/or outcomes. It could be expected that a 'B' project might be reworked and resubmitted by the applicant. A 'C' project has 3 or more areas of concern in particular a lack of rationale for public funding and will not be progressed.
- Enterprise M3 Programme Management Group (PMG) reviews all Expressions of Interest. Whilst larger scale projects are anticipated, any EOI with a value less than £1million that is approved by the PMG will proceed to due diligence. If the project is greater than £1million, and approved by the PMG, the applicant needs to complete a full Business Case prior to due diligence.
- Where possible, business cases should be completed in time for the next submission date.
- Due diligence is undertaken using a specialist due diligence provider at a level that is proportionate to the type and scale of the individual project. If other public bodies have already undertaken such scrutiny we will take this into consideration to avoid duplication.
- Once the due diligence report is complete, the project is submitted back to the PMG to approve funding, subject to any contractual conditions.

DECISION MAKING PROCESS

- Legal and contractual agreements are circulated and approved. There is a clear obligation for the Applicant to respond within 2 weeks following receipt of the initial draft and to respond to queries raised by Enterprise M3 in a timely manner. Any unnecessary delays from the Applicant may result in funding approval being withdrawn and the project put 'at risk'. Please note that template contracts will be made available to all applicants earlier in the process so these can be reviewed in anticipation of the final agreements.
- The project can only commence once legal approval is given and all paperwork is complete.
- All projects are expected to complete quarterly monitoring reports. Projects will be subject to spot checks of evidence of outputs.

For projects worth more than £3million, the Enterprise M3 Board seeks a recommendation from the PMG but it is the Board that makes the final funding decision. The Board approval may come with pre-conditions that need to be met before a legal agreement can be concluded.

The Enterprise M3 team will support the applicant to satisfy any remaining requirements so that funding can be made available to successful projects.

We work closely with Hampshire County Council who act as the Accountable Body for our funds and ensures the legality of the agreements etc. Feedback on individual project proposals will be available on request and the minutes of all meetings are provided on the Enterprise M3 website.

USEFUL LINKS

Enterprise M3 website

www.enterprisem3.org.uk

Enterprise M3 Strategic Economic Plan

www.enterprisem3.org.uk/strategic-economic-plan

Board report on Local Industrial Strategy

www.enterprisem3.org.uk/document/29-november-2018-board-paper-item-12-local-industrial-strategy

Innovation South report

www.enterprisem3.org.uk/innovation-south-sia

Enterprise M3 Annual Report 2017/18

www.enterprisem3.org.uk/node/1534

Examples of previously successful projects

www.enterprisem3.org.uk/growing-enterprise-fund/

www.enterprisem3.org.uk/projects

Government Guidance on State Aid

www.bis.gov.uk/policies/europe/state-aid

European Commission guidance on loan interest rates and State Aid reference rates

www.ec.europa.eu/competition/state_aid/legislation/reference.html

Equality Act 2010 and Public Sector Equality Duty

www.legislation.gov.uk/ukpga/2010/15/contents

www.pfc.org.uk/pdf/equality-duty.pdf



TRANSFORMING COLLEGES



SUSTAINABLE TRANSPORT



SPACE



enterprise **m3**

Enterprise M3

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