

Enterprise M3 Programme Management Group

14 March 2019, 10:00-13:00

Vulcan Room, Rushmoor Borough Council, Farnborough Road, Farnborough GU14 7JU

DRAFT MINUTES

Members Attending

James Cretney - Chair
Deborah Allen
Dave Axam
David Fletcher
Matt Furniss
Caroline Horrill
Rob Humby
Paul Millin

Guests Attending

Kathy Slack
Rachel Barker
Jeannie Satchell
Kevin Travers
Justine Davie

Apologies

Rob Carr
Mike D'Alton
Catherine Turner

1. Welcome and Introductions

1.1 James Cretney welcomed everyone to the meeting.

2. Minutes of last meeting and matters arising

2.1 The minutes of the meetings held on 17 January and 7 February 2019 were agreed and the actions noted.

3. Declaration of Interest

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

Name	Interest	Declared Action
David Fletcher, Rob Humby and Caroline Horrill	Carfax Development and Station Approach Public Realm Gateway Improvements	Left the room during the decision making
David Fletcher and Rob Humby	Hampshire County Council Eols submitted under Item 6	Left the room during the decision making
Paul Millin and Matt Furniss	Surrey County Council Eols submitted under Item 6	Left the room during the decision making
Dave Axam	Health Tech Accelerator submitted under Item 6	Left the room during the decision making

4. Programme Management Group – Revised Terms of Reference

4.1 The Group received a copy of the Revised Terms of Reference for the Programme Management Group. The areas that had been amended were the update to the membership of PMG, addressing the requirement of the Group being quorate and some issues in relation to the assurance framework requirements. The quorate requirement had changed so that three members were now required to be present which should include one Enterprise M3 Board Members and one Local Authority representative.

- 4.2 The Group discussed the revisions and requested some clarity on the requirement for appraising transport scheme (para 1.5), the expansion of the criteria for approval of projects (para 1.3) and an amend was requested to read the Group may approve a project not will approve (para 1.4). There was also a request to see the track changes from the previous version of the terms of reference. It was highlighted that the two-year membership review period had overrun for some members. The Terms of Reference would be updated following the comments received and a revised version would be brought to the May PMG meeting along with the review of membership.

Action to be taken	By Whom	When
Revise the Programme Management Group Terms of Reference and report back to the May meeting	Rachel Barker	9 May 2019
Review the membership PMG members that have exceeded the two year review period	Rachel Barker	9 May 2019

5. Capital Programme Update

- 5.1 The Group received a report on the current projected expenditure at the end of Q3 and the progress with delivering the capital programme on both expenditure and outputs. 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. The Group noted that the Alton Advanced Manufacturing and Technology Park project was no longer progressing in its current form and had been removed from the programme. A new expression of interest for a revised project was expected in the next prospectus round.
- 5.2 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.
- 5.3 PMG were updated on the Camberley London Road Highway Improvements project which had been reported to the January meeting. There were two issues still being addressed by Surrey County Council and a resolution was expected in the next four to six weeks. Surrey County Council would continue to work with Stagecoach and the project would report back to PMG in May.
- 5.4 An update was also provided on the Enterprise Zone projects which were all gathering momentum. Work had commenced on site at Longcross Park on both the Discovery Building and the upgrade to the electricity supply. Construction on the new Village Hotel at Basing View was making excellent progress and enabling works had started on Plots K/K1.

Action to be taken	By Whom	When
Report the Camberley London Road Highway Improvement project to the PMG meeting in May	Kevin Travers	9 May 2019

6. New Expressions of Interest

- 6.1 The Group received a report on the new expressions of interest (EOI's) which had been submitted. The first deadline for EOI's to be submitted was 21 February and 17 had been received. The amount of capital request for projects ranged in size from £300k to £5.15m, only one project was for a partial loan. An independent assessment of the projects was carried out against the criteria and the projects were ranked as category A, B or C. The EOI's had also been reviewed by the Enterprise M3 team. The funding available for new projects was in the region of £15m, however the figure was subject to change and would be closely monitored.
- 6.2 There were nine projects ranked as category A with a total capital request of £16.8m. The Group discussed each of the nine projects. There was some discussion on the North Downs Line project which was a cross-LEP project and for a relatively small funding request could unlock significant benefits. It was recognised that there were potential for delays to the project but these would be addressed as part of the due diligence work. It was agreed that as this was a complex project, although it was just under the £1m threshold a business case should be submitted. The Group was advised that the Whitehill and Bordon Sustainable Transport Project had already submitted a business case which had undergone due diligence, but they would be offered the option to add more to the business case. Projects would be reported back to PMG once business cases and due diligence was completed.
- 6.3 The following projects were agreed to proceed to submit a full business case.
- EOI 44 Basing View 5G Living Lab (£2.448m)
 - EOI 48 Health Tech Accelerator (£2.16m)
 - EOI 43 Performance Materials Innovation Hub (£2m)
 - EOI 46 The Future Towns Innovation Hub (£3m)
 - EOI 49 Aerospace Research and Innovation Centre (£2.517m)
 - EOI 50 Whitehill & Bordon Sustainable Transport Package (£1.32m)
 - EOI 36 Fleet Pond Green Corridor (£2.1m)
 - EOI 41 North Downs Line (£955m)
- 6.4 The following project was agreed to proceed to due diligence.
- EOI 47 Guildford Bike Share Scheme (£300k)
- 6.5 The Group was advised that there were four projects in the B category which totalled £12.25m. The team would work with each of these projects to address the issues and if addressed satisfactorily they projects would be presented to a future meeting of the Group for consideration.
- 6.6 There were four projects assessed as C category projects which it was proposed would not proceed at this time. Appropriate feedback on the projects would be supplied to all applicants. There was some additional discussion on the M3 Junction 9 improvements project which was a category C project. The Group was of the view that this was a strategically significant project for Enterprise M3 and had been highlighted in a number of Enterprise M3 projects, including the Strategic Economic Plan. Although the request for £980k of funding towards the project (0.8% of the total project costs) had not met the specific priorities set out within the Prospectus, PMG unanimously supported what the project sought to achieve but agreed that it was not suitable for this particular funding stream. It was noted that Highways England were currently identifying suitable local contributions for the project and 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 best be used to support this project.

Action to be taken	By Whom	When
Invite the category A projects over £1m and North Downs Line project to produce a full business case.	Relevant Project Manager	March 2019
Progress Guildford Bike Share Scheme to due diligence	Kevin Travers	March 2019
Contact category B project applicants to address issues identified and assist to develop submissions further	Relevant Project Managers	March 2019
Contact Highways England to convene a meeting with Enterprise M3 and Solent LEAs, with Hampshire County Council, to discuss funding support options for the M3 Junction 9 improvements projects	Kevin Travers	March 2019

7. Scheme Development Fund Application

- 7.1 The Group received details on an application received for Future Scheme Development Funding from Brooklands College. The funding would enable a large scale project to be taken forward which would deliver significant college redevelopment and enhancements and also unlock a large scale housing site. The application received requested £1,165,481 and following discussion with the College Principal it was agreed this could be in the form of a loan. Brooklands College would seek to appoint a professional consultancy team to take the development forward beyond the current detailed Business Case. Members of the team had met with the College prior to this meeting and were confident in the commitment of the College to ensure delivery of the project.
- 7.2 The Group discussed the application and agreed that the funding should be made to Brooklands in a phased way which would rely on key milestones being met. The Group agreed to approve the allocation of a revenue loan of £1,165,481 from the Future Scheme Development Fund to Brooklands College.

Action to be taken	By Whom	When
Proceed the Brooklands College application for Future Scheme Development Funding to contract.	Jeannie Satchell	April 2019

8. Capital Projects for Consideration

a) Emerging Technologies Hub and Innovation Centre at Farnborough College

- 8.1 The Group received a report on an application received from Farnborough College of Technology for a £1.875m capital grant to create a new dedicated Technology Hub and Innovation Centre with a primary focus on delivery of skills in emerging technologies. The total cost of the project was £3.781m with the remaining funding being met by Farnborough College of Technology reserves. The grant would enable the remodelling and refurbishment of 1,370m of existing accommodation to create a hub and regional innovation centre which would include a specialist drone academy and industry based simulations rooms. It was anticipated that the project would commence in April 2019 and be completed by the end of 2019/20 financial year.
- 8.2 The project had undergone due diligence and the issue raised would be addressed as pre-conditions to the contract. AECOM concluded that once the recommendations had been addressed to satisfy Enterprise M3 that the project's viability was credible that the grant be approved.
- 8.3 The Group discussed the project and questioned the position relating to planning permission and any potential cost overruns. The Group was advised that the College were not foreseeing any issues but had committed to meet any potential cost overruns. The Group agreed to

allocate £1.873 capital grant funding to the Emerging Technologies Hub and Innovation Centre project at Farnborough College of Technology.

Action to be taken	By Whom	When
Proceed the Emerging Technologies Hub and Innovation Centre project to contract	Jeannie Satchell	April 2019

b) Carfax Development and Station Approach Public Realm Gateway Improvements - Winchester

- 8.4 The Group received a report setting out the detail on the application from Winchester City Council 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.
- 8.5 AECOM had carried out due diligence on the project and focussed on a number of key areas. One issue highlighted was that outline planning permission was due to be submitted before the end of March and was likely to be determined by July/August 2019. Obtaining outline planning permission was fundamental to the delivery of the project and should be a pre-requisite of concluding the funding agreement. If the outline planning permission was not concluded by October 2019 the LEP would consider reviewing the funding allocation.
- 8.6 The Group discussed the project and overall was highly supportive and recognised the importance of the project in the future success of Winchester. However, the Group agreed that the October 2019 date was critical to ensure delivery of the project and agreed that milestones should be included in the funding agreement to monitor progress. The Group was advised that businesses and business support organisations in Winchester were in support of the project and there was also cross-party support at Winchester City Council.
- 8.7 The Group requested some clarity on the budget to show what the £5m LEP grant would be funding. The report suggested £1m would be for design and delivery fees and the remaining £4m would deliver the public realm work which would include a commuted sum payment for on-going maintenance. The Group was concerned about the scale of the commuted sum payment and requested clarity on that element. It was suggested that the commuted sum payment could be for the pre-purchase of material required for future maintenance, this would be clarified with Winchester City Council.
- 8.8 There was also assurance requested to protect the LEP funding in case the project was not delivered. It was agreed that a caveat could be included in the funding agreement that would require the funding to be repaid if the project was not delivered. The introduction of free public Wi-Fi was identified as being investigated in the report but the Group wished for a commitment from Winchester City Council that this would be provided.
- 8.9 Before the project was submitted to the Board it was requested that the Group be provided with the breakdown on the £5m LEP funding and information on the commuted sum payment. The Group requested that regular updates were provided on the progress of the project and it was agreed that updates would be included in the Capital Programme update at each meeting.
- 8.10 The Group supported the Carfax Development and Station Approach Public Realm Gateway Improvements project in principle and, subject to satisfactory detail being provided on the breakdown of the allocation of the £5m LEP funding and the commuted sum payment,

recommended that the Board approve £5m capital grant funding for the Carfax Development and Station Approach Public Realm Gateway Improvements project.

Action to be taken	By Whom	When
Provide a breakdown on the allocation of the £5m LEP funded element and clarity on the commuted sum payment for the Carfax Development and Station Approach Public Realm Gateway Improvements project	Kevin Travers	28 March 2019
Seek commitment from Winchester City Council to provide free public WiFi as part of the development	Kevin Travers	28 March 2019
Subject to satisfactory detail being provided on the breakdown of the allocation of the £5m LEP funding and the commuted sum payment, recommend to Board to approved the funding for the Carfax Development and Station Approach Public Realm Gateway Improvements project	Kevin Travers	28 March 2019
Include updates in the Capital Programme paper on the progress on the Carfax Development and Station Approach Public Realm Gateway Improvements project	Rachel Barker	Ongoing

9. LEP Update on Recent Developments

- 9.1 Kathy Slack advised the Group that the formal letter had been received from Government following the Annual Performance Review (APR). Enterprise M3 had been rated exceptional for strategy and good for governance and delivery. The key reason for receiving good and not exceptional for governance was due to the Section 151 officer not attending Board meetings. It had been highlighted that the officer attended PMG and the Resources, Finance and Audit Committee and there was an open invitation for them to attend the Board meetings. A letter had been sent from the Chair to challenge the APR result and request that further consideration be given to Governance and Delivery rating. The Chair and Chief Executive of Enterprise M3 had arranged a telephone conversation with the Government senior sponsor to discuss the APR result.

10. European Programme Update

- 10.1 The Group received and noted the update on the EU programme.

11. Forward Programme

- 11.1 The Group noted the current forward programme.

12. Any Other Business

- 12.1 The future Programme Management Group meetings would be held as follows:

- Thursday 9 May 2019 – 10am-1pm – Hampshire CC, Winchester
- Thursday 11 July 2019 – 10am-1pm – HG Wells, Woking
- Thursday 12 September 2019 – 10am-1pm – Rushmoor BC, Farnborough
- Thursday 14 November 2019 – 10am-1pm – Hampshire CC, Winchester
- Thursday 16 January 2020 – 10am-1pm – HG Wells, Woking
- Thursday 12 March 2020 – 10am-1pm – Rushmoor BC, Farnborough