

**Enterprise M3 Programme Management Group**

**13 September 2018, 10:00-14:00**

**Marwell Wildlife, Thompson's Lane, Colden Common, Winchester, SO21 1JH**

**MINUTES**

**Members Attending**

James Cretney - Chair  
Rob Carr  
John Furey  
Colin Kemp  
Kevin Lloyd

**Guests Attending**

Kathy Slack  
Sally Agass  
Rachel Barker  
Helen Caney  
Jordan Tame  
Gary Thompson  
Deborah Wyatt  
Justine Davie

**Apologies**

Deborah Allen  
Dave Axam  
David Clifford  
Mike D'Alton  
Nick Elphick  
David Fletcher  
Rob Humby  
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 5 July were agreed and the actions noted. A number of actions for projects from the previous meeting were noted as 'contracting in progress' and it was confirmed that there were no outstanding issues and all contracts should be completed and signed shortly.

**3. Declaration of Interest**

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

<b>Name</b>	<b>Interest</b>	<b>Declared Action</b>
John Furey, Colin Kemp and Kevin Lloyd	Guildford Flood Alleviation Scheme	Left the room during the decision making

**4. Capital Programme Update**

4.1 The Group received a report setting out the current spend profiled for 2018/19, 2019/20 and 2020/21. Work had been carried out by the team to identify those projects at risk of not achieving profiled spend and any projects where spend could potentially be accelerated. Measures had been identified to increase spend through removing any blockages and delays in contracting and working closely with partners to accelerate spend and impact where possible.

4.2 There were two options presented to the Group. The more optimistic option showed that the LGF allocation for 2018/19 was £36.8m and the current spend profile indicated that £45.3m spend could be achieved. The worst case scenario showed that there could be up to £28m underspend over the three year period, with £16m unallocated in this financial year. It was highlighted that in 2019/20 the LGF allocation dipped to 50% less than the previous year and was only £17.5m, meaning that an overspend in the year would be the likely outcome. HCC had agreed to cover any overspend in 2019/20 when the LGF allocation dropped significantly.

- 4.3 A summary of the more optimistic and the worst case scenarios would be presented to the Board for discussion. The more optimistic figures could be used to form the discussion at the Annual Conversation where the outturn positions, worst case and more optimistic positions would be highlighted and some supporting evidence to show outputs and outcomes achieved by projects. The difficulties in managing spend with such a variance in the LGF allocation would also be explained. The Group agreed that practical measures should be taken to achieve spend where possible however the difficulties in achieving an uneven stream of funding were acknowledged. It was proposed that the focus should be on the overall figures rather than in-year figures and how targets would be met and the impact on the economy should be demonstrated. It was proposed that information on contracted spend should be included along with details on the amount of leverage achieved.
- 4.4 The Group discussed the spend profile and agreed that efforts should be concentrated on accelerating large projects rather than bringing in lots of smaller ones. A cash flow forecast, including receipts, was requested for a future meeting.

Action to be taken	By Whom	When
Prepare a cash-flow forecast for capital spend to include receipts	Sally Agass/ Aleks Bennett	November 2018

## 5. New Expressions of Interest for 2018/19 Funding

- 5.1 A call for new projects deliverable in 2018/19 had been issued in March 2018 which resulted in 25 Expressions of Interest being submitted totalling £30.36m. The Expressions of Interest were assessed against three specific criteria which was that the project was deliverable in 2018/19, had a strategic fit for Enterprise M3 and provided value for money. The assessment provided an initial ranking of projects as A, B or C which were then discussed by the Enterprise M3 project team. The second closing date of 10 August had resulted in four new Expressions of Interest and two projects being resubmitted.
- 5.2 The Spelthorne Kick Starting Gigabit City was a resubmission of a project which requested £500k capital funding with match funding of £500k from Spelthorne Borough Council to enable fibre and associated hardware to be laid for the creation of a gigabit enabled network. The full amount of funding would be repaid as the scheme would generate revenue income, details on the repayment process would be included in the legal agreement. The Group agreed that the project should progress to due diligence and requested that details on linkages to other connectivity projects were included in the paper brought back requesting approval of the funding.
- 5.3 The Inspiring Science for All was a resubmission of a project which requested £500k capital funding with match funding of £585k from Winchester Science Centre. The funding would support Phase 1 which would aid improvements to building development at Winchester Science Centre to deliver STEM events, a multi-sensory STEM exhibition and the UK's most accessible planetarium experience. The Group questioned whether a bid for £2.4m to the Wellcome Trust's Inspiring Science Fund had already been secured for Phase 2 of the project. The issue would be clarified as it would not be able to be counted as leverage if the funding had already been secured. The Group agreed that the project should progress to due diligence and that details on the Wellcome Trust's Inspiring Science Fund be clarified as part of the due diligence work.
- 5.4 The Physical Energy project was a new project from Watts Gallery Trust which requested £446k capital funding for preliminary works and installation of a major roadside landmark on the southbound carriage way of the A3. The project had been categorised as an A project as it was a place-making initiative, achieved spend in 2018/19 and had jobs and GVA outcomes. The Group discussed the application and raised a number of issues including whether other sources of funding had been explored and if the funding could be provided as a loan. It was the general view of the Group that the ask of 50% of the total funding was not viable as the

cost per job was significantly high therefore the Group agreed that the project should not progress to due diligence. Watts Gallery Trust would be advised of the decision.

- 5.5 The Emerging Technologies Hub and Innovation Centre project was a new project from Farnborough College which requested £1.875m with equal match funding from the College. The funding would create a new dedicated technology hub and innovation centre with the primary focus on the delivery of skills in emerging technologies including virtual reality and drone technology. The Group agreed that the project should progress to due diligence with the proviso that the option of a loan be explored, the level of apprenticeships be quantified and the percentage of integration of virtually reality and drone technology be identified as part of the due diligence process.
- 5.6 Two further projects had been submitted but were not currently categorised as an A project therefore were not being considered for progression. One of the projects was expected to be progressed through a future expression of interest and once further work had been carried out would be brought back to the Group for consideration.
- 5.7 The commercially sensitive project which had been agreed to progress to due diligence at the last meeting had been withdrawn due to timescales no longer meeting the requirements.
- 5.8 The Group was advised that the Elmbridge Invest for Growth project which had been considered by the Group in January 2018 had been resubmitted, as a new building had now been identified by Elmbridge Borough Council. The Group agreed for the revised business case to progress to due diligence.
- 5.9 The Group was asked to consider exploring alternative options for carrying out due diligence on smaller projects in future. Other LEPs had used expertise within local authorities to carry out due diligence work. The Group agreed that other means of due diligence could be used for projects under £1m which were clear and straight forward projects with no potentially contentious issues.

Action to be taken	By Whom	When
Progress the Spelthorne Kick Starting Gigabit City project to due diligence.	Helen Caney	September 2018
Progress the Winchester Science Centre Inspiring Science for All project to due diligence.	Jordan Tame	September 2018
Progress the Emerging Technologies Hub and Innovation Centre project to due diligence.	Sarah Carter	September 2018
Progress the Elmbridge Invest for Growth project to due diligence	Helen Caney	September 2018

## 6. Capital Projects for Consideration

### a) 5G Project – Phase 3

- 6.1 The Group received a paper on the 5G Project Phase 3 which had been submitted by the University of Surrey. The total project cost was estimated to be £3.11m with Enterprise M3 capital grant funding sought of £1.5m and the remainder contributed by University of Surrey and the 5GIC members through a combination of ‘in kind’ and capital support. The project would delivery five new business start-ups, 200 new jobs and provide support for 200 new businesses.
- 6.2 The aim of the project was to improve the sector support and expertise in three key strategic 5G growth areas: Blockchain/Cyber Security; Internet of Things and Smart Cities; and, Digital Gaming and Immersive Technologies. Phase 3 would result in a wider impact for the

Enterprise M3 region and provide benefits to the Basingstoke and planned Aldershot facilities. It would also enable local start-ups and SMEs to have direct access to 5G technologies for Virtual Reality and allow other sectors looking to explore gamification to benefit and develop solutions utilising Virtual Reality and 5G. AECOM had carried out the due diligence and provided a number of recommendations. The University of Surrey had received the recommendations and confirmed that all would be addressed without delay.

- 6.3 The Group discussed the project and suggested that the project could be rolled out further across the Enterprise M3 area into Surrey. It was also discussed whether the project could be incorporated into the Enterprise Zone areas and funded against the Business Rates Income Growth. The Group agreed that, subject to a positive response from the applicant to the recommendations, £1.5m capital grant funding be allocated to the 5G Project Phase 3.

Action to be taken	By Whom	When
Proceed the 5G Project Phase 3 to contract, subject to a positive response from the applicant on the recommendations from AECOM	Helen Caney	October 2018

**b) Aldershot Games/Digital Hub**

- 6.4 The Group received details on the Aldershot Games/Digital Hub project which had been submitted by Rushmoor Borough Council. The total project cost was £2.15m with Enterprise M3 capital grant funding sought of £0.867m and the remainder contributed from a range of organisations including Hampshire County Council, Rushmoor Borough Council, The Rock and Pop Foundation, Virgin Media Business and 5G Innovation Fund/5G Innovation Centre and Asmodee.

- 6.5 The project involved the restoration and refurbishment of the Old Town Hall in Aldershot. The funding would support internal modifications, fit out, broadband connectivity cost and a contribution towards the first-year start-up. The building would provide a collaborative workspace in which existing and aspiring games/digital entrepreneurs, micro and small and developing businesses could come together to share knowledge, experience, ideas, networks and contacts in order to support the retention and growth of digital businesses within the area. AECOM had carried out the due diligence and provided a number of recommendations which had been shared with the applicant.

- 6.6 The Group discussed the project and some concern was expressed regarding how the facility would be sustained in the longer term which would be raised with the applicant. The Group agreed that, subject to a positive response from the applicant to the recommendations, £0.867m capital grant funding be allocated to the Aldershot Games Hub project.

Action to be taken	By Whom	When
Proceed the Aldershot Games Hub project to contract, subject to a positive response from the applicant on the recommendations from AECOM	Helen Caney	October 2018

**c) Alton Advanced Manufacturing and Technology Park**

- 6.7 The Group received details on the Alton Advanced Manufacturing and Technology Park project submitted by East Hampshire District Council. The total project cost was £29.26m with Enterprise M3 capital grant funding sought of £6m and the remainder contributed from East Hampshire District Council and from the Public Works Loan Board.

- 6.8 The scheme would deliver approximately 21,000sqm of new employment floorspace which would support advanced manufacturing, ICT, digital, scientific and technological businesses. The aim of the project was to improve the supply of new business floorspace for growing businesses in advanced manufacturing and technology sectors within the Enterprise M3 area.

The scheme would include the provision of an access road, business floorspace, incubation units for new businesses, landscaping and cycling and walking access.

- 6.9 There were a number of critical gaps and issues identified in the due diligence process. AECOM concluded that the outputs detailed in the business case were achievable and the methodology was reasonable, however it was recommended that the LEP would need to be confident that the outputs could be delivered and information on when they would be realised should be sought. The Group was of the view that there was too much information outstanding to enable the project to be submitted to the Board with a recommendation to approve. The project would be resubmitted to PMG once the outstanding issues had been addressed.

Action to be taken	By Whom	When
Resubmit the project to the Programme Management Group once the significant outstanding issues had been addressed	Kevin Travers	November 2018

**d) Unlocking Guildford Package – Guildford Flood Alleviation Scheme**

- 6.10 The Group was advised on the Unlocking Guildford Package – Guildford Flood Alleviation Scheme submitted jointly by Surrey County Council and Guildford Borough Council. The total cost of the scheme was £9.2m with Enterprise M3 capital grant funding of £1.5m and the remaining funding from the Flood Defence Grant in Aid and Local Levy. Discussions were being held between the Environment Agency, developers and Guildford Borough Council on how the £1.6m shortfall could be funded.
- 6.11 The aim of the project was to develop a scheme to reduce the risk of flooding directly from the River Wey and indirectly from overwhelmed surcharged local drainage systems in Guildford town centre. A combination of permanent and temporary flood defence walls and gates would bring significant flood-relief benefits to Guildford town centre valued at £83.9m.
- 6.12 The scheme had undergone due diligence and AECOM concluded that the business case was well presented and demonstrated good economic benefits and linked well with other aspects of the Unlocking Guildford Package. The funding gap had been highlighted and both Surrey County Council and Guildford Borough Council had provided a reasonable level of confidence that the full funding package for the scheme could be secured. The Group agreed that, subject to confirmation that the funding gap would be met, £1.5m capital grant funding be allocated to the Guildford Flood Alleviation Scheme.

Action to be taken	By Whom	When
Proceed the Guildford Flood Alleviation Scheme to contract, subject to confirmation that the funding gap could be met	Kevin Travers	October 2018

**7. LEP Review**

- 7.1 Kathy Slack updated the Group on the work carried out to date in response to the LEP Review. There were a number of issues to be addressed including the diversity of Board membership, the LEP becoming incorporated and the LEP geography and boundary. The proposal on the LEP geography had to be submitted to Government by 28 September and the implementation plan at the end of October 2018. There was potentially going to be £200k funding made available from Government to help meet the requirements in the LEP Review. The Resources, Finance and Audit Committee had spoken to the Accountable Body Human Resource lead and Economic Development lead and Hampshire County Council had confirmed they would be willing to remain the Accountable Body when the LEP became

incorporated, this would be raised with the Joint Leaders Board. The Nominations Committee would look at the issue of diversity of Board membership.

7.2 The Group discussed the issues arising from the LEP review and questioned a number of areas. It was recognised that incorporation could affect some member of the Board that had membership on other boards which would need to be considered. The requirement for 20 Board members with two thirds from the private sector was raised as an issue as the current membership would require one less public sector member. It was explained that the two thirds private sector Board members was an aspiration in the LEP Review not a requirement and given the outstanding Governance received at the Annual Conversation last year it was anticipated that seven public sector Board members would be acceptable.

7.3 The LEP geography and split districts had been discussed at a Board workshop on 17 August. Clarification from Solent LEP would be sought after their Board meeting on 19 September and the final proposal would be taken to the Enterprise M3 Board on 27 September before being submitted to Government on 28 September.

## 8. LEP Update on Recent Developments

8.1 Kathy Slack updated the Group on recent developments and activity. The Joint Leaders Board would consider the election of a new representative to join the Programme Management Group at its meeting on 19 September. John Furey advised the Group on a skills and employability project proposal from Surrey County Council which had been presented to the Local Government Association and it was proposed should be presented to the Government with the aim to release funding from the Treasury. A pilot project was proposed for Surrey and Manchester. Details on the project would be shared with Kathy Slack and Sarah Carter.

8.2 Work was being carried out to reshape the action groups and change the remit to focus on the Strategic Economic Plan, bring ideas forward and assess the impact of capital projects. The Enterprise Zone work was now stepping up and at the next steering group meeting the work on the implementation plan would be updated and linkages with areas of activity and clusters would be developed.

8.3 There had been a lot of work carried out on recruitment in the Enterprise M3 team. There had been new members of staff employed to carry out the Careers and Enterprise Company work and all staff brought in-house. Recruitment of the Assistant Director Business Delivery was progressing well. The Enterprise Zone Director appointment was imminent and they would be joined by some further contracting support.

8.4 A Brexit Intelligence Group involving local authorities and business support organisations had been set up. The messages highlighted were to get businesses to think about what a 'no deal' could mean and consider the implications and raise issues with export companies to highlight what would be required on issues such as licensing. Surrey Chamber of Commerce operated a clinic for businesses and had offered to help with signposting and alerting businesses on potential issues. The Group requested for the Brexit Intelligence Group papers to be circulated for information.

Action to be taken	By Whom	When
Share details on the skills and employability project with Kathy Slack and Sarah Carter	John Furey	September 2018
Circulate the Brexit Intelligence Group papers to the Programme Management Group	Susan George	September 2018

## **9. European Programme Update**

9.1 The Group received and noted the update on the EU programme. Kathy Slack highlighted that she had been interviewed by the Infrastructure Projects Authority as part of a review of the Cities and Local Growth Unit and LEPs readiness for preparations for the UK Shared Prosperity Fund (UKSPF). A formal consultation event had been held and it was clear that LEPs would need to be aware of the requirements for the UKSPF, how it would be made up and how the money would flow. It was important that Enterprise M3 were engaged in the debate. It was clear there was a large amount of work required by the Cities and Local Growth Unit.

## **10. Forward Programme**

10.1 The Group noted the current forward programme.

## **11. Any Other Business**

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

- Thursday 15 November 2018 – 10am-1pm – HCC, Winchester
- Thursday 17 January 2019 – 10am-1pm – HG Wells, Woking
- Thursday 14 March 2019 – 10am-1pm – Rushmoor BC, Farnborough