

**Enterprise M3 Programme Management Group**

**14 November 2019**

**Capital Programme Update – Item 4**

Enterprise M3 Programme Management Group members are asked to:

**NOTE:** the current progress in delivering Enterprise M3's capital programme

**NOTE:** that if the recommendations made in the papers to PMG on 14 November 2019 are agreed, then Enterprise M3 will only have £897,473 to support new projects.

**1. Background - Enterprise M3 Capital Funding**

1.1. Since the last meeting of the Enterprise M3 Programme Management Group in October 2019, the following key developments have taken place

- The signing of the legal agreement for Basingstoke South West Corridor – Brighton Hill Roundabout. Since April 2019, 13 legal agreements have been signed for projects due to commence this year.
- The minutes of our mid-year review with Government have been agreed and are attached at Appendix 1 to this paper.
- Confirmation of £52m Housing Infrastructure Fund (HIF) award to support development at Weyside Urban Village, Guildford.
- On the evening of 4 November 2019, Jeannie Satchell and Jamie Mackay from the Enterprise M3 team attended the opening of the Guildford College (part of Activate Learning) Technology Tower. During the evening, guests were treated to watching and hearing from students – current and past – about how the project has impacted on their learning. We also heard from some guest speakers with some insights into how new technologies, now available at the College, are being deployed in industry.
- As a result of the 12 December 2019 General Election, we will not be able to undertake publicity around our funding or the projects that have been delivered. However, we will be exploring communication opportunities around projects that will be completing in early 2020.
- Mid Term Evaluation work has commenced, led by SQW. An update on this work and will be given at the PMG meeting.

**2. 2019/20 Capital Programme and the progress against the Delivery Plan**

2.1. Our Delivery Plan, published on the Enterprise M3 website at the end of May 2019, sets out our expected delivery over the 2019/20 financial year; Enterprise M3 will deliver the following through its capital programme:

- Capital expenditure of £45m
- 2500 jobs created/safeguarded
- 1000 new homes completed
- 9,000sqm of new employment floorspace
- Support 300 apprenticeships
- Create/refurbish 5,000sqm of learning floorspace

- 2.2. These measures form our key performance indicators with Government and will be the baseline against which we will report our progress across 2019/20 and the basis of our Annual Performance Review. The mid-year review with Government took place on 13 September 2019 and was an opportunity to update on our recent progress in achieving the targets set out in our Delivery Plan.
- 2.3. We will continue to report to PMG and Board on the following detail in order to provide a regular update on the progress against our targets in the Delivery Plan:

**Table 1: Key Performance Indicators – November 2019**

<b>Key Performance Indicator</b>	<b>Current forecast</b>	<b>Actual (as at 7 Nov 2019)</b>	<b>Change since last report (23 Oct 2019)</b>
<b><u>Expenditure</u></b>			
Expenditure of £45m of LGF in 2019/20	£37m-£57m*	£8.35m	+£4.07m
Total LGF expenditure across programme to date of £180m (102% of the total allocation to date)	£180m	£146m	+£4.07m
<b><u>Income from loan repayments</u></b> - £2.42m in 2019/20	£4.42m	£1.55m	-
<b><u>Outputs</u></b>			
1000 new homes completed	1700	1,579	+307
2500 jobs created/safeguarded	2500	1,635	+287
9000 sqm commercial floorspace completed	9,000	0	-
5000sqm learning floorspace completed/refurbished	5,000	3,780	+1,780
300 apprenticeships supported	300	186	+114

*\*Range based upon confidence levels of expenditure in 2019/20*

- 2.4. Progress to date is broadly as would be expected at this point in the year although our actual expenditure levels remain relatively low. We expect these to increase in the coming weeks as claims from projects covering the period June – September are processed for payment and believe that we will end Q3 in line with targets set at the start of the financial year (bringing expenditure in excess of £15m). If this target is achieved, this will mean that we have spent 85% of our total available (2015-2020) LGF allocation by the end of the third quarter.
- 2.5. The latest forecasts for expenditure across 2019/20 range between £37m and £57m, with a high degree of confidence that £37m will be achieved, a reasonable level of confidence that a further £11m will be achieved and a low level of confidence that an additional £9m will be achieved. The high level of confidence figure has increased by £1m since the October meeting of the PMG. The end of October and start of November have seen a high number of contracts come close to completion as well as a number of claims submitted to Enterprise M3 and we expect that the high confidence figure will continue to increase in the coming weeks and months. Should our expenditure target of £45m be achieved by 31 March 2020, Enterprise M3 will have spent 102% of our total available LGF allocation. Our current forecasts and information from projects suggest that this target is achievable.
- 2.6. PMG Members will also note from the table above that we are now expecting loan repayments of £2m more than had been forecast at the start of 2019/20 which will allow us to support more projects this financial year and next.

- 2.7. In terms of project outputs, the current picture is in line with expectations at this stage of the year, with projects having completed their second quarter monitoring reports to Enterprise M3 at the end of October. PMG members will note that the forecast for new homes completed has already been met and has been further strengthened in quarter 2, we have therefore revised our target to reflect this. Progress against the jobs created/safeguarded, learning floorspace and apprenticeships supported target also remains strong. At this stage, we are not concerned by the commercial floorspace target which relates to three projects which are on track for completion in January 2020 and we are closely monitoring their progress. The latest expenditure and outputs dashboards will be available at the PMG meeting and will provide further breakdown of the information across the capital programme.
- 2.8. As we are now in the penultimate year of the Local Growth Fund programme, it is also important to keep our contractual commitments under review. Over this year (2019/20) and next (2020/21), we have £107m of capital funding available to support projects. This is made up of Local Growth Fund allocations from Government and loan repayments from LGF and Growing Enterprise Fund projects (as detailed in the table below). Currently 60% of this money is contractually committed and a further 36% is allocated to projects approved by PMG/Board but is not yet contracted. The team are prioritising contracting work at the moment and we expect at least 6 major legal agreements to be agreed before the end of November with a total value of over £20m. We are also continuing to strengthen our pipeline of projects and the detail below provides PMG Members with the latest information on contractual commitments, allocated funding and available unallocated funding as at the 6 November 2019.

**Table 2: 2019/20 – 2020/21 available funding**

Available capital funding from Government (2019/20 – 2020/21)	£99,800,000
Forecast loan repayments (2019/20 – 2020/21)	£7,498,714
<b>Total</b>	<b>£107,298,714</b>

**Table 3: 2019/20 – 2020/21 Programme to date (as at 6 November 2019)**

Contractual commitments	£64,452,830
Approved projects still subject to contract	£38,537,500
<b>Available funding to allocate to new projects</b>	<b>£4,308,384</b>

- 2.9. The Programme Management Group is being asked to consider approving three projects at the November meeting with a total value of £3,410,911. As the table above demonstrates, all three projects can be accommodated within our available funding. Should the recommendations of the papers be agreed by PMG on 14 November 2019, this will impact the figures in table 3 in the following way:
- Approved projects still subject to contract - £41,948,411
  - Available funding to allocate to new projects - £897,473
- 2.10. At the time of preparing this report, we are expecting that there will be some further changes within our 'approved projects still subject to contract' category which will release funding and allow a small number of pipeline projects to be approved in January 2020. The team are also working with a small number of projects to finalise issues and confirm the position with regard to underspend which can then be released back into the programme. We hope to have a clearer position on this by the end of 2019 but expect that this could be in the region of £500k.

- 2.11. The aim is to have all current approved projects contracted by end of calendar year and over the coming months we will be highlighting to PMG and Board projects which look likely to miss this deadline so a decision on whether to proceed can be made.
- 2.12. We are continuing to develop a sizeable ‘development pool’ of projects that we can bring forward if other projects slip and/or additional funding becomes available. The current value of our pipeline is £29m. We are continuing to work closely with scheme promoters to make them aware of our funding position. Our approach to pipeline development aims to put us in a strong position to accelerate projects swiftly should there be an opportunity to secure additional funding and we emphasised this message at our mid-year review with Government. Since the PMG telephone conference in October, we have been liaising with Government about the scale of our project pipeline and alerted them to the fact that we will be unlikely to support any new projects after the November 2019 Programme Management Group meeting unless projects in the current programme fail to progress and/or additional funding is awarded to Enterprise M3.

### 3. ‘Development Pool’ of projects & future business cases

- 3.1. Whilst we are now at a point that almost all available funding has been allocated to projects, experience indicates that projects of this nature are subject to change and we are therefore continuing to strengthen our ‘development pool’ of projects. The table below sets out the expected dates for the submission of business cases:

Project	Amount	Expected date for business case to be presented to Board/PMG	Change since last PMG meeting
Aldershot Town Centre Regeneration	£1.2m	January 2020	Due diligence completed but further work being undertaken before project is presented to PMG.
Basing View 5G Living Lab	£1.97m	January 2020	Business case submitted to Enterprise M3.
Heat Enabled Virtual Power Plant	£1.8m	January 2020	Business Case being finalised.
East Hampshire Advanced Manufacturing/Technology Park	£3.7m	January 2020	Due diligence completed but further work being undertaken before project is presented to PMG.
Blackwater Valley Gold Grid Public Transport Corridor – Hampshire Elements	£1.5m	March 2020	Business case likely to be submitted early 2020.
Future Winchester	£2.5m	March 2020	
Guildford Care Skills Centre	£0.43m	January 2020	
BCoT Electric Vehicle Training Centre	£0.16m	January 2020	
Commercial in confidence significant infrastructure project	£16m	January 2020	

### 4. Project updates

- 4.1. The capital programmes paper is also used in order to draw Board Directors’ attention to significant changes in projects and to seek advice and guidance on key issues as business cases are developed and due diligence work is undertaken.
- 4.2 **Station Approach, Winchester** – as reported to PMG in October 2019 a paper detailing the marketing criteria for Station Approach had been deferred by Winchester City Council Cabinet. This was due to the Council being on notice of a legal challenge to the decision to grant outline planning consent for the scheme. Winchester City Council are actively reviewing the scheme timetable and are aware of the March 2021 delivery deadline. The Chief Executive will be

updating Enterprise M3 as soon as possible. A verbal update on the latest position will be given at the meeting.

- 4.3 **Performance Materials Innovation Centre** – an Expression of Interest for this project was supported as a Category A project in March 2019 and we alongside Hampshire County Council have been working alongside the applicant to develop a business case. However, the applicant has since advised that they will no longer be progressing with this work and therefore we have removed this project from our pipeline. This change is reflected within the figures in this paper.
- 4.4 **Weyside Urban Village** – it was confirmed on Friday 1 November 2019 that Guildford Borough Council had been awarded £53m of Housing Infrastructure Fund money to support development at Weyside Urban Village. PMG members may recall that this was a key requirement of Enterprise M3's funding and our legal agreement had built in a requirement for the repayment of our £7.5m of Local Growth Fund had Guildford not been successful in securing this funding. We expect that the legal agreement between ourselves and Guildford Borough Council will be signed by the end of November 2019. We are working closely with Guildford Borough Council on communications but given the pre-election period, we will look to communicate this key milestone after the elections on 12 December 2019.

**Appendix 1** – Minutes from Enterprise M3's Mid Year Review with Government.

**Appendix 2** - Project summaries (projects shown as green are contractually committed; those in amber are approved but not yet contracted and those in red are not yet approved by PMG/Board).

Enterprise M3 Operations Team  
7 November 2019

Location: Hampshire County Council EII Court East

Date: 13 September 2019

Time: 10:30am

### Action from 2018-19 Annual Performance Review

Action #	Action Point	Date completed	Resolution
1	CLGU to find a contact for someone in DFE who would be willing to work with the LEP on their skills agenda	Complete	LEP are engaged with DfE on skills work.
2	The LEP should continue to feed into the work of the LEP Network in exploring how best to work with OGDs in determining their policy priorities where they relate to the work of the LEP in driving economic growth.	On-going	LEP are engaged and active with the LEP network.
3	The LEP to work with CLGU to examine the allocation of revenue investment	On-going	CLGU area team continue to engage with LEP on revenue investment matters, raising such matters with the Central Policy team.
4	CLGU and the London and South East team to consider how they can support LEPs with board recruitment, perhaps through better use of LinkedIn amongst other options	On-going	CLGU continue to consider how it can support LEPs with board recruitment, especially through the Gov.uk public appointments site.

### Governance

By way of introduction, CLGU thanked the EM3 team for their attendance at the MYR, giving all parties the opportunity to have an open and informal discussion on the LEP's progress.

Discussion began with an overview of the LEP's progress since the last APR, moving on to Governance, Delivery and Strategy.

#### Progress since January 2019 APR

- EM3 emphasised their focus on continuous improvement, having delivered on all the requirements from the LEP Review, and delivering against actions and targets in their Delivery Plan.
- On points raised in the last APR, the LEP's S.151 officer now regularly attends Board meetings. To accommodate this, one of Hampshire CC's Senior Finance Managers now attends the Enterprise Zone Programme Board and other meetings with the S151 officer continuing to attend the critical Programme Management Group. EM3 noted that these arrangements built on the strength of the LEP's relationship with their accountable body, Hampshire CC.
- Hampshire CC agreed on the strength of the relationship with EM3 and stressed that good governance and oversight requires sufficient resources.
- The LEP think that their general governance and accountability arrangements are robust and effective. They have also enhanced scrutiny arrangements working with their Joint Leaders Board with a formal scrutiny session planned for November 2019.
- EM3 are pleased with their level of close working and collaboration with the other Southern LEPs and continue to lead on several initiatives across the wider geography.
- EM3's team has expanded, with a new Capital Projects manager and Sector lead for the Gaming industry.

#### Board changes and recruitment

- The LEP are committed to maintaining a strong, involved Board. To this end, they are working proactively on the recruitment of Board members, focusing on achieving greater diversity and understanding of what individuals would like to achieve through Board membership. They plan to

initiate recruitment for vacancies that will occur in November 2020 later this year, and diversity in the broadest sense will be a key part of this campaign.

- The LEP, as agreed with Government currently have 21 Board members, and this will go down to 20 in November to comply with the National Assurance Framework.
- Three new Local Authority leaders will join the Board in September 2019.
- EM3 have also started the process to recruit a new chair (current Chair leaves in November 2020). The LEP have benefitted from strong and engaged Chairs in the past and wish for this to continue. In their commitment to increasing female representation on their Board, the LEP would be keen to have a woman as Chair.

#### Commitment to having more women on and involved with the Board

All LEPs have the March 2020 target of having women make up a third of their Board members. The CLGU team emphasised the importance of achieving this target, as well as, in the interim, showing a clear plan of how the LEP would reach it.

- EM3 have a board of 20 and are looking to achieve at least a third which they view as a total of six female board members overall. CLGU noted this. The LEP are confident at this stage they will reach this target, but this could go up to 7 or 8 by March 2020.
- In revamping their recruitment, EM3 have looked at what they can do to encourage more women to apply for Board posts.
- EM3 are in active conversation about how they can increase the Board's female representation from the Higher and Further Education sectors. There is likely to be a female FE Principal joining the board in January 2020.

EM3 are looking at other ways to involve more women in the Board's work and the LEP's work more widely.

- The LEP are looking at co-opting NatWest's Head of Enterprise and diversity lead, Julie Baker.
- There are also plans to have a young woman shadowing EM3's CEO and observe EM3's Board meetings. The LEP acknowledge the importance of having a younger perspective on matter of local growth.
- EM3 are cross collaborating and leading the work with all the Southern LEPS to share good practice and put together a campaign to encourage more women to get involved with LEPs.

### **Delivery**

To lead off this discussion, the LEP summarised progress made on delivery since the APR.

- In January's APR, the LEP's delivery was classed "Good". Since, EM3 have been investing in their team, having employed an additional member of staff, responsible for managing their capital programmes. In parallel to investing in staff, Enterprise M3 has been reviewing processes and procedures to accelerate the delivery of projects and programmes.
- In 2018/19, the LEP spent all the LGF funding they had received in-year, and this year (2019/20), they have a clear picture of where they are in terms of spend and their trajectory.

#### LGF Spend and forecasting:

- The LEP is forecast to spend 102% of their total available LGF allocation by 31 March 2020. EM3's practice of loaning out LGF money and collecting interest repayments, has allowed the LEP to over-profile it's spend.
- The LEP note that in this financial year (2019/20), loan repayments will total approx. £4.4m, and is likely to remain at a similar level in the next 2-3 financial years. On the issue of loan repayments and over-profiling, the LEP noted that it was difficult to capture all their plans in the LGF quarterly reporting spreadsheets.
- EM3 showed CLGU that their forecast expenditure for 2019/20, ranged between a low of £36 million and a high of £60 million. They are confident that they will spend the £45 million set out in their Delivery Plan. This, in part, based on the increasing confidence of their delivery partners as legal agreements are completed and projects start on site.
- CLGU raised that Q1 2019/20 expenditure seemed low for where they imagined expenditure for the year. EM3 accepted that as of Q1 2019/20, their expenditure had been low, but this had been forecast. And the LEP had not anticipated that it would process payments in Q1 but had in fact processed a payment of £1.18m in this period. However, by the time of the meeting, the LEP were in Q2, and expenditure by projects on site was at approximately £8 million and these claims would be processed

in the coming weeks. This is where EM3 expected to be and the LEP remained confident about achieving the targets in the Delivery Plan.

- EM3 commended their project managers for their hard work in pushing projects forward and dealing with issues that may cause delay. The team are taking the 31 March 2021 deadline very seriously – it is challenging but it sets a clear deadline to work to.
- The LEP also noted the significant dip in LGF funding in 2019/20. In light of this, HCC confirmed that they had offered to fund projects in this financial year with EM3 making repayments in the following year so that the delivery of projects on the ground was not slowed down by the funding profile.

#### Looking towards the March 2021 deadline

CLGU asked the LEP how they viewed the March 2021 deadline on the LGF programme and what their concerns were.

- The LEP asked for clarity on what would happen come 31 March 2021 in terms of the Local Growth Fund programme. EM3 were particularly concerned about the possibility of funds being clawed back. Board directors see this lack of clarity as a significant risk.
- CLGU made the point that it would be highly unlikely that expenditure contractually committed by 31 March 2021 would be clawed back but would seek clarity for the LEP. CLGU also reminded the LEP of the freedoms and flexibilities the Assurance Framework affords the LEP on managing their funds: that there is flexibility around timing where projects have begun but have not entirely completed by the end of the Local Growth Fund programme period in March 2020-21.
- The LEP also offered to lay out, in a written note, their position in terms of expenditure committed and their assumptions about LGF funding and expenditure on 31 March 2021. The point of this would be clarify to government their working assumptions and have this on record.
- Further to this, the lack of certainty also impacts their pipeline: the LEP have strong pipeline for potential upcoming projects, aligned to their Local Industrial Strategy. At the time of the meeting, this pipeline consisted of £15m of projects that are going through a process of business case development and independent due diligence. The development of this pipeline of projects was praised at the APR in 2019 but without certainty of funding post-March 2021, further work in this area becomes more challenging for the LEP. Enterprise M3 has been clear with partners that no future funding has been agreed and that they are developing projects at risk but the area now has a set of high quality, deliverable propositions that it is no longer able to fund and want to continue to work closely with CLGU on next steps.

#### Projects at risk

CLGU and EM3 discussed a significant LGF project that had been rated Red at Q4 2018/19, but by the time of discussion was rated Green.

- Basingstoke SW corridor:
  - EM3 noted that the project had been rated Red, due, in large part, to the scale of the project and the fact that this was a project identified in the early stages of the LGF programme and as such the LEP needed to ensure that the project still fit closely with the emerging strategic focus in the emerging Local Industrial Strategy.
  - The project's business case did well in the independent review, however, there was concern that not all the LGF money committed to the project would be spent by March 2021. This fuelled concerns about what would happen with the project should LGF funding be withdrawn.
  - As a solution, EM3 has agreed to use their loan repayments to fund the project should it slip past March 2021. The LEP forecast that they will receive around £5 million in loan repayments in 2021 that can be used to fund the project. To this end, the EM3 Board has agreed that loan repayments should be used to fund the project in its final year.  
EM3 note that the obvious risk with this plan is if the loan repayments forecasted do not materialise. Hampshire CC have agreed with EM3 that they will fund the shortfall should this occur.

#### Outputs:

- CLGU raised the point that as the current LGF programme draws closer to the March 2021 deadline, ensuring that the outputs promised in the Growth Deal agreements would be important.
- CLGU acknowledged the LEP's Q4 2018/19 forecasts for new homes and jobs & apprenticeships created/saved (22,676 homes built, and 25,166 jobs & apprenticeships created) exceeded the figures projected in the Growth Deal agreements (over 10,000 homes built and approximately 22,000 jobs created or safeguarded).

CLGU asked EM3 to explain their confidence in their forecasts, and what risks they'd highlighted.

- EM3 noted that the overarching risk is the economic context. In the last two financial years, EM3 had delivered a programme exceeding £30 million spend per annum. This has seen their outputs ramp up, particularly in jobs and housing. This could all however change if there is a change in economic circumstances in terms of the housing market.
- EM3 noted that they had met their housing delivery target at Q1 2018/19; and that they needed to work on getting data back from partners more regularly to ensure that the LGF returns more accurately reflected their position. It was noted that EM3 are reporting real completion data for their housing targets, rather than figures derived from economic models and this in part accounted for the delay in receiving this information from partners.
- EM3 added that their Enterprise Zone was entering a critical stage and progressing well. However, its success might also be affected by economic circumstances in the coming months and years.
- LEPs are required to put forward an impact and evaluation plan for their LGF programme. EM3 will appoint an impact and evaluation partner to work with them for the next 18 months to independently evaluate the work of Enterprise M3 which will include our Local Growth Fund and Growing Places Fund. This will include work to identify where improvements can be made to existing reporting mechanisms to Government. To this end, EM3 requested that CLGU provide a relevant evaluation contact in CLGU so that the work could be discussed.  
CLGU noted that the CLGU Assurance team did not possess sufficient data from the EM3's Enterprise Zone. CLGU emphasised the importance of being able to tell the story of the Enterprise Zone's success. EM3 asked CLGU for more information on the format for returns in 2019/20 and the detail of which reports were missing. CLGU agreed to update EM3 on the reporting requirements for 2019/20 and clarify the next steps required to update the Assurance team's records.
- CLGU asked EM3 to raise any challenges it was facing to its delivery.
- EM3 raised the fact that they are considering their sustainability and their reserves position. The LEP tends to work on a three-year long forecast. They consider this to be a good, comfortable forecast window. However, as the end of the LGF programme draws closer, the LEP feel they need to start thinking about how they increase funds or reduce their costs.
- EM3 also reflected on the fact that they are using reserves to cover revenue costs associated with delivery. They raised the importance of having sufficient revenue funding to make sure that their work is done well.

## Strategic Impact

CLGU introduced this part of the discussion as an opportunity for the LEP to talk about its progress on its Local Industrial Strategy (LIS).

- The LEP has commissioned several research projects, the findings of which are starting to come through and will inform their LIS:
  - Skills: This research is focussed on the local economy's resilience. Part of this work will look at the sectors that will be affected by Artificial Intelligence.
  - Towns: This piece looks at how the LEP's 30 towns are linked together.
- Other research pieces will look at the LEP's economic sectors and clean growth.
- EM3 will use their evidence base to tell the local story of their patch, and the work that needs to be done to support economic growth. The LEP are happy with all the work that is coming together which will be ready by November 2019.
- In terms of next steps, the LEP will hire an external organisation to bring all the pieces of the evidence base together. EM3 noted that with the change in Ministers there was some uncertainty about what the final product – the LIS – would look like. They reflected that with the recent change in government, the next set of published LIS's may have a different feel or branding.
- EM3 continues to aim for a March 2020 publication. They hope to have something prepared earlier to test with more stakeholders and colleagues. CLGU offered that a BEIS analyst attend the next regular LIS catch-up sessions to help the LEP start to test the foundations of the evidence base.
- By the time of the meeting, EM3 had begun their role as the cluster lead for South Central Growth Hub cluster working on Brexit readiness initiatives. The LEP were enthusiastic about this work and recognised its priority and importance. They did note that the scale of the work required in this role would affect their team's capacity, which may affect the work on their LIS. EM3 are keen to keep the LIS process running smoothly, however, and continue to work to deliver against the milestones set.
- CLGU recognised the strong levels of engagement that the LEP's Board have shown in its work, and notably, the continued commitment of the Board's lead on the Local Industrial Strategy work, Stacey

Sobers. CLGU commented that her presence at the regular CLGU-EM3 LIS meetings was good and important to see.

## LEP Feedback

- Enterprise M3 welcomed the Mid-Year Review meeting with Government to review progress against the Enterprise M3 Delivery Plan ahead of a more formal review at the end of the calendar year. We view the MYR as a further opportunity to engage with Government regarding our work and will continue to share detailed information and progress updates with Government across the areas of Governance, Delivery and Strategy.
- As we set out at the MYR, we currently view our progress against our Delivery Plan to be very strong. The Enterprise M3 Board receive progress updates against this plan at every meeting (and these are published on our website) and we remain on track to achieve the targets set out in this document. This further builds upon our strong performance last year where we received an exceptional for our strategy work as well as being rated as 'good' in both delivery and governance.
- A key focus for the Enterprise M3 team in 2019/20 has been to strengthen delivery. We have appointed additional resource to support the delivery of our projects and programmes and have accelerated the pace at which Local Growth Fund projects are reviewed, contracted and delivered on the ground. Building upon our successes of last year where we spent our full in year allocation of LGF (36.9m), we are on course in 2019/20 to spend £45m of LGF which will mean that we will have spent 102% of our total available funding. Close working with our accountable body has made this possible, in particular the agreement that we have reached to 'smooth' the funding profiles from Government to continue to deliver at pace. We are investing significantly to understand the impact of our projects and programmes and have appointed SQW to work alongside us in this area until the end of the Local Growth Fund and look forward to working alongside Government as this work gets underway. The scope of this work goes over and above the monitoring and compliance requirements of central government and will inform the work of our emerging Local Industrial Strategy.
- We also set out our plans for Board recruitment, including how we are working to meet the expectations of the LEP Review in terms of gender diversity on the Enterprise M3 Board. We have worked alongside our stakeholder groups to ensure that diversity is being considered in their nominations to the Board and diversity will be a key element of our recruitment approach for new private sector Board Members when we advertise for the private sector vacancies (including that of Chair). We were pleased to update you on the work that Enterprise M3 is leading with the Southern LEPs on Board diversity and our plans to co-opt Julie Baker (Head of Enterprise and Community Finance at NatWest and contributor to the Rose Review on female entrepreneurship) to our Board to further enhance our leading role in this area. We also updated you on our work with our Joint Leaders Board which meets 6 times a year and provides a vital scrutiny function of our work, at the time of the meeting this group were about to meet to appoint 3 new Local Authority Board Directors and consider arrangements for a formal scrutiny session of Enterprise M3's work. Since the meeting, the Joint Leaders Board have appointed Cllr Caroline Reeves (Guildford BC), Cllr Ian Harvey (Spelthorne BC) and Cllr Richard Millard (East Hampshire DC) to the Enterprise M3 Board and have agreed that the formal scrutiny meeting will take place on 14 November 2019. As set out in the minutes, we touched on Enterprise M3's medium term finances at the MYR. Enterprise M3 takes seriously its governance and compliance obligations and this has seen an increase in costs associated in this area in recent years. Both Enterprise M3 and our Accountable Body emphasised the importance of this being considered when revenue allocations to LEPs are being considered in the future.
- Finally, on strategy, we were pleased to see that Government appreciate the comprehensive engagement that we have had from Board Directors on our emerging Local Industrial Strategy, something we also value as the EM3 team. Our work on the Local Industrial Strategy remains on course and we look forward to engaging with you on our evidence base in November and still aim to publish in March 2020. Our LIS builds on the very solid foundation of our comprehensive SEP refresh which was published in September 2018. Our cluster lead role was emerging at the time of our MYR which has now been confirmed and we highlighted that this could have an impact on the timetable for LIS depending upon the specific requirements of the role. As at mid-October, our

work remains on track, but we will of course keep Government informed if our timetable looks at risk.

## AOB

### DfE Skills work

- EM3 raised the DfE Skills work as a discussion point. As part of the Skills Advisory Panel activity, the DfE require LEPs to carry out skills analysis with a preference for every LEP to recruit their own analyst. The LEP do not yet have an analyst in post and have found it difficult to recruit one in the current tight labour market conditions. For the moment, the LEP are delivering the MOU through a specialist skills consultancy, although still have an in-house analyst as their goal. Part of the £75,000 the LEP received from DfE has been used on completing the skills analysis through a consultancy.
- EM3 relayed that the difficulty had been compounded by the fact that they could not recruit an analyst jointly with the other Southern LEPs, as this was not in line with DfE's stipulations.
- EM3 wanted to understand why joint recruitment with the other LEPs in their area would not be possible.

The CLGU team wrapped up by thanking EM3 for their continued hard work delivering their large programme and engaging with Government.

## Action Points

Action #	Action Point	Owner	Date to be completed	Date completed	Resolution
1	CLGU to find out whether LEP could jointly recruit for a Skills analyst with other Southern LEPs.	CLGU	1-Nov		
2	CLGU to share details of Enterprise Zone submissions for 2019/20	CLGU	30-Sept	24-Sept	Submissions details (form and instructions) shared with LEP.
3	CLGU to feedback EM3 concerns on LGF funding post 31 March 2021 to the LEP Policy Team and seek to gain clarity over funding not yet spent at the end of this period	CLGU	Open		
4	EM3 to write a note clarifying their position and working assumptions about LGF funding on the March 2021 deadline	EM3	1-Nov		
5	CLGU to provide EM3 with relevant CLGU evaluation contact	CLGU	30-Sept	20-Sept	CLGU's evaluation lead (Hannah Hamnett) details shared with EM3

## Attendees:

Toni Wootton – CLGU

Farhana Hussain – CLGU

Blessing Inyang – CLGU

Rachel Barker – Assistant Director - Operations EM3

Kathy Slack – Chief Executive EM3

Geoff Wells – Capital Programmes Manager EM3

Rob Carr – Section 151 Officer, Accountable Body Hampshire CC