

Enterprise M3 Programme Management Group

14 May 2020, 10:00-13:00

Zoom Video Conference

DRAFT MINUTES

Members Attending

James Cretney - Chair
Deborah Allen
Dave Axa
David Fletcher
Rob Humby
Paul Millin
Kathy Slack

EM3 Guests Attending

Rachel Barker
Kevin Travers
Geoff Wells
Deborah Wyatt
Justine Davie

Apologies

Rob Carr
Mike D'Alton
Matt Furniss
Lucille Thompson
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 12 March 2020 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
Paul Millin and Geoff Wells	Guildford Sustainable Movement Corridor West Cost Increase item	Left the room during the decision making
Rob Humby	Vaultex Park and Ride item	Left the room during the decision making

4. Update Covid-19 Sub Group

4.1 James Cretney provided an update on the outcomes from the meeting of the Covid-19 Sub Group held on 13 May. The Sub Group received details on the economic intelligence gathered and discussed a number of issues which were identified as needing to be considered including additional debt being taken on by businesses, skills requirement to enable economic recovery and working with technology companies to unblock digital issues. The Group discussed where the LEP's focus of activity should be concentrated. It was agreed that the key focus should be on enabling recovery and helping businesses adapt their business models to take advantage of opportunities. Also identifying people with knowledge and skills which could be utilised to help businesses with recovery could also be a role for the LEP.

5. Capital Programme Update

5.1 Rachel Barker reported to the Group on the current position with the capital programme. Final expenditure figure of £36.9m achieved in 2019/20. Outputs achieved included 1,789 new homes, 2,348 jobs created/safeguarded, 8,389sqm of new employment floorspace, 11,664 sqm of new learning floorspace and 742 apprenticeships. It was recognised that lower levels

of expenditure were expected over the next 12 months and there would be likely delays on the delivery of some projects due to the impact of Covid 19. Reductions in loan repayments were also expected to be received, one organisation had already requested a delay in repayment.

- 5.2 Options for use of unused capital funding were reported to the Group for consideration which included the potential for supporting recovery from Covid-19. There was approximately £5m available for supporting new projects. The Group was advised that Government had stated that Local Growth Fund should be spent by 31 March 2020/21 which for Enterprise M3 was approximately £46m.
- 5.3 The Government had advised that they would be allocating two-thirds of the annual Local Growth Fund in May (£28m) and the remaining third (£14m) in September 2020 following a review of contracting and spend. There was no immediate announcement expected on additional Local Growth Funds which would mean no additional projects could be supported at the current time.
- 5.4 The Group discussed the capital programme and agreed that discussions should be had with project partners to ensure Local Growth Fund was spent by 31 March 2021. The focus should remain on ensuring that projects were delivered as swiftly as possible. Discussions would be carried out with those projects at risk of not spending so that funding could be allocated to other projects. It was recognised that there could be major issues with some projects that were facing future uncertainty and the projects may not go ahead at all. Discussions with partners would be held regarding these particular projects to ascertain the level of risk.
- 5.5 The Group noted the current position on the Capital Programme and the uncertainty around future funding. The position with the Blackwater Valley Hotspot project was noted by the Group and that a final position should be confirmed by Guildford BC before the Board meeting on 28 May. If the information was not received by the end of May there would be a recommendation that the funding was withdrawn due to uncertainty around the delivery of the project.

Action to be taken	By Whom	When
Project Managers to discuss with partners the achievable delivery of projects and identify the risks to projects unlikely to be delivered by 31 March or not delivered at all	All PM's	May/June 2020

6. Guildford Sustainable Movement Corridor West (Phase 1) Cost Increase

- 6.1 The Group received a report on the Guildford Sustainable Movement Corridor West (Phase 1) package and the request for additional funding due to identified cost increases. The scheme had been originally agreed at a cost of £3.85m with an LGF allocation of £2.725m. The reprofiled scheme costs were identified at £4.788m. Some of the increase was being met through Homes England (£50k) and reallocation of funding from the Quality Bus Corridor (£335k) which left a shortfall identified of £553k in relation to phase 3 of the scheme. Steps had been taken to mitigate the cost increases including considering a reduction in the scope of the scheme, however there was a concern that any reduction would compromise the overall scheme benefits.
- 6.2 Options available for consideration were to deliver the scheme without additional funding, deliver the scheme without phase 3 or delivery without phases 2b and 3. The Group was advised that progress had been made with phases 2b and 3 and costs incurred related to detailed design and technical approval.
- 6.3 The Group discussed the request for additional funding and agreed that the project aligned with Local Industrial Strategy and supported Covid 19 recovery. Overall, it was recognised that it was still a good scheme which would produce good benefits. There was some concern expressed as to what caused the cost overruns. It was explained that it was due to some costs incurred which had not been identified at the start and some general cost increases as the

business case was written approximately 2 years ago and there were unanticipated cost increases for services and others in relation to impact of Covid-19. It was also highlighted that one of the issues was a cost coming in much higher than the original quote provided.

- 6.4 The Group felt that Guildford Borough Council (GBC) should be asked to meet 50% of the cost increase. During discussion it was agreed that the project was important and provided significant benefits and therefore should go ahead and be funded, however it was suggested that there could be funding opportunities coming forward from Government so it was proposed that if agreed the Deed of Variation would stipulate that if any other funding becomes available the additional LEP funding would be returned. The LEP recognised that GBC were willing to withdraw the project but recognised the significance of the scheme therefore would prefer to see it go ahead.
- 6.5 The Group agreed that Kevin Travers would explore the possibility of GBC making some contribution towards the shortfall in funding and whether they would be willing to bid for any alternative funding opportunities that became available. Once the information had been received from GBC the Group agreed to delegate authority to the Chief Executive to agree the allocation of up to £553k to meet cost overruns on the project if there were no other funding options available.

Action to be taken	By Whom	When
Explore the possibility of a contribution from GBC toward the funding shortfall or alternative funding sources	Kevin Travers	May 2020
Consider the amount of funding allocated up to £553k to GBC once information on other funding sources received	Kathy Slack	May 2020
Include in any funding agreement should new funding opportunities become available additional LEP funding be returned	Kevin Travers	May/June 2020

7. Opportunities to Support Town Centres in Recovery from Covid-19

- 7.1 Kevin Travers advised the Group on the proposal to allocate £500k from the Local Growth Fund to support measures to help ease social distancing in town centres to support the reopening of town centres and generate consumer confidence in the safety of town centres. Applicants would be invited to submit a short proposal setting out the amount of funding required, details on the location and what the funding would be used for. The proposals would be assessed by LEP officers internally using an agreed proforma and it was suggested the Chief Executive should be given delegated authority to approve the funding.
- 7.2 The Group discussed the proposal and agreed it was an important intervention which was required to help enable town centres to operate safely. There was some discussion on whether the amount of funding available could be increased and whether it could be opened up wider than just local authorities. It was suggested that in the first instance, to get the process moving, the funding should start with £500k to enable a few projects to start quickly, but allow anyone to bid so long as they had local authority support for any highway works. Further work could be done to potentially increase the funding if demand required.
- 7.3 The Group agreed to the development of a Town Centre Programme with £500k allocated from the Local Growth Fund and for the Chief Executive to be given delegated authority to approve distribution of funds, subject to an agreed evaluation process against agreed criteria.

Action to be taken	By Whom	When
Progress the development of a Town Centre Programme with £500k from the Local Growth Fund	Kevin Travers	May 2020

8. Capital Projects for Consideration

a) Union Street East, Aldershot

- 8.1 The Group received a report on an application from Rushmoor Borough Council for a £1.2m capital grant to part fund the Union Street East, Aldershot regeneration project. The Group received a presentation from Rushmoor Borough Council on the project at the PMG meeting held on 12 March. The £1.2m capital grant would be used for the demolition and early remedial works required on the site. The funding was part of a much larger scheme in the region of £49.7m to regenerate Union Street East, Aldershot. The Enterprise M3 element of the funding would cover the second stage demolition work due to commence post planning permission around June/July 2020. The work was expected to be completed in Summer 2023. Due diligence had been carried out and mitigation measures put in place for the issues raised.
- 8.2 The Group discussed the project and agreed it was an important project for Rushmoor Borough Council in which they had invested significant funding. The Group agreed to approve £1.2m capital grant funding for Rushmoor Borough Council for the Union Street East, Aldershot project.

Action to be taken	By Whom	When
Progress Union Street East, Aldershot Regeneration project to contract	Deborah Wyatt	June 2020

b) Vaultex Park and Ride Winchester

- 8.3 The Group received a report on an application from Winchester City Council for £5.658m capital grant funding against a total cost of £7.748m for the Vaultex Park and Ride scheme. The scheme would provide a decked park and ride car park which could accommodate up to 300 parking spaces for long stay commuters. It would also integrate sustainable measures including a solar photovoltaic array on the roof of the building to produce renewable energy to support electric vehicle charging. In addition battery storage would be added into the facility providing support to the electricity grid by providing balancing services along with sorting the green energy generated on site. The battery would also provide dispatchable, sustainable-power for charging the electric vehicles on-site, to meet day-round demand.
- 8.4 AECOM had carried out due diligence on the business case and all comments and questions raised had been addressed by the scheme promotor. Overall the case was considered to be well-supported and no critical issues had been identified, therefore AECOM recommended the scheme for funding approval.
- 8.5 The proposal had been developed as part of Enterprise M3's longer term pipeline due to the lack of certainty about available funding after 31 March 2021 and was therefore being submitted for conditional approval. It was proposed that the project be approved to go to Board but would only be taken forward if sufficient funding was made available by Government.
- 8.6 The Group discussed the project and requested that the impact of the scheme be increased from good to excellent in the Board paper and more emphasis be included on the low carbon element of delivery. The Group agreed to recommend to Board to enter into a legal agreement with Winchester City Council to deliver the Vaultex Park and Ride, Winchester scheme and approve £5,647,676 grant funding, subject to sufficient additional funding being allocated to the LEP from Government.

Action to be taken	By Whom	When
Recommend to Board to enter into a legal agreement with Winchester City Council to deliver the Vaultex Park and Ride, Winchester scheme and approve £5,647,676 grant funding, subject to sufficient additional funding being allocated to the LEP from Government	Kevin Travers	28 May 2020

9. Final Evaluation Report

- 9.1 Rachel Barker advised the Group on the final SQW evaluation report. SQW had carried out a thorough review on both the Growing Enterprise Fund and Local Growth Fund looking at how effective the process had been and the monitoring of outputs and outcomes. The evaluation involved a review of project spend and outputs across the programmes, a series of depth reviews and case studies, strategic consultations and a survey of wider stakeholders.
- 9.2 The report concluded that there was a good strategic alignment between the projects funded and the priorities set out in the 2014 and 2018 Strategic Economic Plans. The report identified that Enterprise M3 were funding projects that would not have otherwise been funded. There was evidence that the funding streams had been used flexibly and creatively and there was steady progress in the delivery of outputs. The issues identified to take forward was thinking about how the impact at the end of the programme could be evaluated and it was important that the learning from the process was captured. This work would be taken forward with the Enterprise M3 Team in partnership with SQW. The evaluation report would be published and shared with partners and extracts would be included in the Annual Report.
- 9.3 The Group agreed it was a really encouraging report which showed the value of the Enterprise M3 Team and how the LEP had improved in targeting funding in more recent years. The Group agreed the final version of the Evaluation Report.

10. LEP Update on Recent Developments

- 10.1 Kathy Slack advised the Group that the EM3 Team had been working from home since March and were quite likely to still be working from home until September 2020. Approximately 60-70% of work currently being carried out by the Team was Covid-19 related. It was good to recognise the hard work last year and celebrate the Annual Performance Review result in which Enterprise M3 achieved exceptional for governance, good for delivery and requirements met for strategic impact. Work on the Annual Report and AGM was well underway and they would both celebrate the successes of 2019/20.
- 10.2 There was a lot of work being carried out with Hampshire and Surrey resilience forums and regular meetings were being held with Southern LEPs. The LEP Network had been pushing Government on the need for additional funding. There was a huge amount of work taking place on business support with the Growth Hub. Information was awaited about the Careers Service contract for 2020/21 going forward which was due to start in September.
- 10.3 Local authority guidance for discretionary funding had been issued which provided local authorities some leeway on how funding was allocated, however there were requirements for local authorities to consider how the funding was targeted. A meeting had been held with local authority Chief Executives and it was clear some local authorities had been struggling as were having businesses on phone constantly needing help. It was suggested it may be worth counties and districts working together to set up a common set of criteria for allocation of funding. It was recognised that with every new fund made available a number of new issues arose that needed to be addressed. One particular issues was the stress on local authority staff having to deal with distressed businesses. The Group agreed that consistency across the districts was important.

11. **European Programme Update**

11.1 The Group received and noted the update on the EU programme. The Group was advised that it has been suggested that the ERDF underspend could be used to support businesses, approximately up to £500k per LEP. The funding would have to go through an existing ERDF scheme, probably in the form of small grants, which would likely require a significant amount of administration.

12. **Forward Programme**

12.1 The Group noted the current forward programme.

13. **Any Other Business**

Farnborough International – Request to Restructure Loan Repayments

13.1 The Group received a confidential paper requesting a restructure of interest payments from Farnborough International Ltd. The Group agreed to the deferral of interest payments in consultation with the Chair of the Resources, Finance and Audit Committee.

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

- Thursday 16 July 2020 – 10am-1pm – Video Conference
- Thursday 10 September 2020 – 10am-1pm – Rushmoor BC, Farnborough
- Thursday 12 November 2020 – 10am-1pm – Hampshire CC, Winchester
- Thursday 14 January 2021 – 10am-1pm – TBC
- Thursday 11 March 2021 – 10am-1pm – Rushmoor BC, Farnborough