

Enterprise M3 Programme Management Group

12 March 2020, 10:00-13:00

Concorde Room, Rushmoor Borough Council, Farnborough

MINUTES

Members Attending

James Cretney - Chair
Deborah Allen
Dave Axam
Rob Carr
David Fletcher
Rob Humby
Kathy Slack
Lucille Thompson

EM3 Guests Attending

Rachel Barker
Jennie Pell
Jeannie Satchell
Kevin Travers
Geoff Wells
Justine Davie

Apologies

Matt Furniss
Mike D'Alton
Paul Millin
Catherine Turner

Other Guest

Karen Edwards, Rushmoor BC
Nick Irvine, Rushmoor BC

1. Welcome and Introductions

- 1.1 James Cretney welcomed everyone to the meeting. The Group was advised that Cllr Richard Brooks had stepped down as Leader of Surrey Heath Borough Council resulting in a vacancy on the Programme Management Group. A replacement Surrey local authority representative would be sought for the Programme Management Group at the next Joint Leaders Board meeting.
- 1.2 The Group discussed the budget announcement and the implications for the LEP. The Government was committed to levelling up opportunities across the UK and acknowledged that some Local Growth Fund projects required funding certainty beyond March 2021 to continue. The Budget confirmed up to £387m in 2021-2022 for existing priority Local Growth Fund projects that required funding beyond March 2021. It was thought that not all of the £387m would be made available directly to LEPs as had happened in previous LGF rounds. The long-term decision on the Local Growth Fund would be taken as part of the Comprehensive Spending Review. The Government had committed to invest £1.5bn over five years to refurbish further education colleges which it was thought would go directly to the colleges.
- 1.3 The Group discussed the Budget implications and in particular additional funding available beyond March 2021 for existing priority Local Growth Fund projects. It was agreed that all project partners should be advised they should continue to aim to spend their allocated funding by March 2021, however where it was highlighted that it would be likely that a project would not complete spend by March 2021, possible flexibility of funding could be considered. A more comprehensive update would be provided for the March Board meeting.

2. Minutes of last meeting and matters arising

- 2.1 The minutes of the meetings held on 16 January 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
Rob Humby and Lucille Thompson	Pipeline of projects and future business cases in Capital Programme Update	Remained in room as no decision was being made

Dave Axam	Revised Expression of Interest – Whitehill and Bordon New Town Centre	Left the room during the discussion and decision making
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4. **Capital Programme Update**

- 4.1 Rachel Barker reported to the Group on the current position with the capital programme. The Group was advised that £235.6m had been contracted to date. The £45m target spend for 2019/20 was not likely to be achieved, it was more likely to be nearer £39m which was 98% of the LGF allocated to date. There had been some changes in the last quarter in the forecast expenditure on the transport projects and the team had met with Hampshire County Council, Surrey County Council and Guildford Borough Council to understand the changes. Issues with projects would be considered on a case by case project to agree whether it was felt that any flexibility on spend should be considered.
- 4.2 The Group discussed the potential for another round of calls for Expressions of Interest to strengthen the pipeline of projects. There was currently approximately £10m available to allocate to new projects although it was recognised that some existing projects could underspend on their forecast expenditure. It was agreed that another call for Expressions of Interest would be beneficial to build a pipeline of projects for future funding announcements.

Camberley London Road Highways Improvements

- 4.3 Kevin Travers advised the Group on the position with the Camberley London Road Highways Improvements project. Surrey County Council had advised the LEP that they would not be able to complete the LGF spend by March 2021. The scheme had been descoped and the cost had reduced from an LGF request of £3.75m to £2.5m. If there was some flexibility in the deadline for achieving spend the full scheme could still be delivered.
- 4.4 The Group discussed the request and agreed the £2.5m funding for the descoped scheme but requested further information on what the additional £1.25m would deliver and when it could be delivered before agreeing any flexibility on spend.

Blackwater Valley Gold Grid – Surrey Element

- 4.5 Kevin Travers provided details on the request from Surrey County Council to descope the Blackwater Valley Gold Grid scheme as they were unable to meet the spend deadline of March 2021. The original funding package was for £3m LGF spend and the descoped scheme would cost £2.3m. If the March 2021 deadline was no longer a requirement the full project could be delivered in 2021/22.
- 4.6 The Group discussed the request and agreed the £2.3m funding for the descoped scheme but requested additional information on when the elements that had been removed from the programme could be delivered.

Heat Enabled Virtual Power Plant

- 4.7 Jennie Pell updated the Group on the current position with the Heat Enabled Virtual Power Plant project. The original investor had pulled out which required the scheme to be revised which removed the installation element. A new investor had been identified with a reduced amount of investment but following some issues with the delivery company the second investor has also pulled out of the project. The way forward now proposed was for the project to be pursued as a pilot on 10-20 units.
- 4.8 The Group discussed the current position with the project and it was agreed that the project should not be pursued at the current time however discussions should continue with the project applicant and the project could be resubmitted in a future call for expressions of interest.

Commercial in Confidence Significant Infrastructure Project

- 4.9 The Group received details on the due diligence completed on the significant infrastructure project which raised two fundamental issues. The principle of whether the LEP should be funding a project of this nature and an issue around a key element of the business case that needed further development.
- 4.10 The Group discussed the project and the issues highlighted. There was broad support for the project and the Group was of the view that it was a good scheme. However, there was some discussion on whether the funding should be 100% loan, whether other funding partners could contribute to the project and whether there would be any issues with State Aid. It was agreed that further work would be undertaken on the business case to explore the issues raised and a report would be brought back to PMG.

Action to be taken	By Whom	When
Ask Surrey County Council for additional information on the Camberley London Road Highways Improvements project to show what the additional £1.25m would deliver and when it could be delivered	Kevin Travers	April 2020
Ask Surrey County Council for additional information on the Blackwater Valley Gold Grid – Surrey element to show when the removed elements could be delivered	Kevin Travers	April 2020
Advise the Heat Enabled Virtual Power Plant project applicant that the funding for the project was not available at the current time	Jennie Pell	March 2020
Carry out further work on the business case for the significant infrastructure project and report back to PMG in May	Kevin Travers	April 2020

5. Capital Projects for Consideration

a) Union Street East, Aldershot

- 5.1 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. Karen Edwards, Executive Director and Nick Irvine, Regeneration Delivery Manager at Rushmoor Borough Council (RBC) attended the meeting to provide some background information on the project. There had been a number of land acquisitions by RBC on Union Street East to enable the project to proceed. The planning application had been validated and was due to be determined in June 2020. The £1.2m capital funding would be used for the demolition and early remedial works required on the site. There were a number of large vacant retail units and the regeneration project would see those demolished and replaced with smaller more flexible units on the ground floor with student accommodation above. It was the aim that the demolition work would start at the end of the month with a start on a cleared site in October 2020.
- 5.2 The Group discussed the project and agreed that this was an important project for Aldershot and although there had been a number of delays it was clear that the project was now gaining momentum. The Group noted the update and that a report seeking approval for the £1.2m would be submitted to the May 2020 PMG meeting.

Action to be taken	By Whom	When
Submit report to May PMG requesting approval of the £1.2m for the Union Street East, Aldershot Regeneration project	Chris Quintana	May 2020

b) BCoT Electric Vehicle Training Centre

- 5.3 The Group received a report on an application from Basingstoke College of Technology for £160k capital grant funding against a total cost of £402,873 to provide an Electric Vehicle and Hybrid Technology Training Centre. The aim of the project was to develop a sustainable and

scalable Training Centre to meet future changes in automotive electrification and connectivity. The Centre would deliver 225m² of refurbished learning space to enable the provision of the associated charging infrastructure. It was anticipated that the facility would support 830 learners across a three-year period with short courses available adding value to Apprenticeship learning. Due diligence had been carried out on the project and all issues highlighted had been addressed.

- 5.4 The Group discussed the project and agreed to approve £160k capital grant funding to Basingstoke College of Technology for the Electric Vehicle and Hybrid Technology Training Centre.

Action to be taken	By Whom	When
Proceed the Electric Vehicle and Hybrid Technology Training Centre project to contract	Jeannie Satchell	April 2020

6. Expression of Interest – Whitehill and Bordon Town Centre

- 6.1 The Group received a report on a revised expression of interest from East Hampshire District Council for Whitehill and Bordon Town Centre which had been initially categorised as a B project. Changes had been made to the project which meant it could now be delivered by March 2021 and therefore was now categorised as an A project. The Group discussed the project and agreed that it could proceed to due diligence however issues around procurement were raised and that the applicant’s expectations should be managed in relation to the funding available.

Action to be taken	By Whom	When
Proceed the Whitehill and Bordon Town Centre project to due diligence	Kevin Travers	April 2020

7. Capital to Revenue Fund

- 7.1 The Group received a report which requested the utilisation of £50,000 of the Capital to Revenue Fund to top up the Growth Hub delivery budget for 2020/21 and for delegated authority for the Enterprise M3 Chief Executive to allocate up to £250k of the Capital to Revenue Fund to support activity around business resilience. There were concerns there was currently insufficient funding available for the Growth Hub to effectively continue its activity on the EU Exit and business intelligence and take on additional work in relation to the COVID-19 virus. It was unclear what support the Government would offer therefore funding was requested to be made available immediately for support activity.

- 7.2 The Group discussed the request for £50k additional funding for the Growth Hub delivery budget and the potential for the use of revenue reserves rather than the Capital to Revenue Fund. It was agreed that given the uncertainty of future Government funding and the impact the current drop in the interest rate would have on the reserve fund that the Capital to Revenue Fund would be more appropriate. The Group agreed that £50k from the Capital to Revenue Fund be utilised to top up the Growth Hub delivery budget for 2020/21. It was also agreed that delegated authority be given to the Chief Executive for up to £250k of the Capital to Revenue Fund to support activity around business resilience, in consultation with the Chair of the Resources, Finance and Audit Committee and the Accountable Body.

Action to be taken	By Whom	When
Utilise £50k from the Capital to Revenue Fund to top up the Growth Hub delivery budget	Rob Dunford	April 2020

8. Monitoring and Evaluation

- 8.1 Rachel Barker updated the Group on the progress of the monitoring and evaluation review work. SQW had been concentrating on case studies to evaluate the impact the project had on the EM3

area. Once the draft report had been received the executive summary would be circulated to the Group.

- 8.2 The Group discussed the potential for a call for new projects and what the call might look like. There was around £10m available and the aim would be to stimulate new and creative ideas. It was agreed that there should be a call for new expressions of interest with a short timeframe to capture projects already being developed but with further series of closing dates for those requiring more work.

Action to be taken	By Whom	When
Launch a call for new projects with a series of closing dates	Rachel Barker	April 2020

9. **LEP Update on Recent Developments**

- 9.1 Kathy Slack advised the Group there was no additional information from what was discussed at the start of the meeting.

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