

**Enterprise M3 Programme Management Group**

**30 June 2020**

**Capital Programme Update – Item 3**

Programme Management Group is asked to:

- NOTE:** the current progress in delivering Enterprise M3's capital programme
- NOTE:** that without any additional funding awarded by Government, Enterprise M3 will have £5.1m unallocated funding remaining.
- NOTE:** Government's recent request for pipeline projects, deliverable by January 2022 and Enterprise M3's response.
- NOTE:** that an update will be given at the PMG meeting on the latest position and any proposed next steps.

**1. Enterprise M3 Capital Funding – current progress**

- 1.1. Since the Enterprise M3 Programme Management Group last met in May 2020, we have seen a number of key changes within our capital programme, including:
- The launch of the **Enterprise M3 Supporting Town Centres Fund** and the first closing date for submissions in early June. Assessment of bids is now complete and to date, two projects (from Spelthorne Borough Council and Winchester City Council) have been successful in securing funding. This means that £136k of funding has been awarded to date and a number of other projects are still being considered. There will be a second closing date on 26 June and a verbal update will be given at the meeting.
  - **Government's formal review of the 2020/21 programme** has taken place which will act as a 'gateway' to Enterprise M3 receiving the remainder of our Local Growth Fund this year. We were able to report that our full LGF amount is contractually committed and that it remains possible to spend our remaining LGF in this financial year. Informal feedback from government on our response has been positive and we expect to receive the final one-third of our funding in August.
  - We have continued work to **utilise our remaining unallocated funding** to support economic recovery from Covid-19. At the time of writing we have £5.1m that is unallocated and available to support projects. We have invited all our existing projects to consider whether there are opportunities to re-position projects to better respond to current circumstances and we may consider allocating additional funding to support this activity. The Enterprise M3 team are working through these proposals and an update will be given to PMG in July.
  - Linked to the above, we have also looked to strengthen our current **project pipeline** and the need to do this was reinforced by a letter from the Secretary of State on 10 June 2020 which called on all LEPs to submit a prioritised list of projects which support economic recovery and be delivered by January 2022. This paper provides an update to PMG members on this work.

**2. Enterprise M3 response to Secretary of State letter**

- 2.1 On 10 June 2020, Enterprise M3 received a letter from Robert Jenrick which was sent to all LEPs, inviting them to identify capital projects that could stimulate the economy over the next 18 months. This letter was shared widely on distribution and we are aware that it was sent to local authorities, utility providers and housebuilders. A copy of this letter is attached at Appendix A.

- 2.2. Our recent work on pipeline development meant that we were in a strong place to respond to this request. To build on the information that was already held by the Enterprise M3 team, we held a meeting with all Local Authority Chief Executives on 12 June 2020 which was exceptionally well attended and wrote to all of our Further Education and Higher Education institutions inviting them to submit proposals for projects we could include in our submission.
- 2.3 In response to this partner work, we received over 60 proposals, with a total request for funding of over £150m. The quality of these proposals was very high, particularly so given the timescales that partners were working to.
- 2.4 In governance terms and given the requirement that this work had to be submitted by the 18 June 2020, we have worked through the Covid 19 sub group of the Enterprise M3 Board. They met on 15 June 2020 and discussed the contents of the letter and approved a process where projects would be reviewed against the key criteria set out below. A copy of the draft minutes from the Covid 19 sub-group can be found at Appendix B.
- Digital and Clean Growth
  - Deliverability
  - Economic Impact
  - Profile
- 2.5 In agreeing this approach, the Covid 19 sub group noted that all projects supported with funding would be subject to our usual processes of business case development, independent due diligence and PMG (and Board if over £3m) approval.
- 2.6 All projects received by the closing deadline were assessed and scored against these key criteria by two senior members of Enterprise M3 staff. These scores were then subject to a moderation process by the Director of Business Delivery and considered by the Chief Executive. This process led to the list of projects and accompanying letter from Dave Axam (set out in Appendix C) which was submitted to Government on 18 June 2020. This list of 13 projects was seeking a funding request from Government of £47.7m and would help to safeguard 4000 jobs and unlock nearly 2000 new homes.
- 2.7 At the time of writing this paper, no formal feedback from Government has been received and the process of reviewing all the submissions from LEPs is continuing. It is possible that we will have some more information by the time of the PMG meeting on 30 June 2020.
- 2.8 In anticipation that there will be some additional funding for Enterprise M3 as a result of this exercise, the team are actively reviewing the capital programme and this list to explore opportunities that could be taken forward swiftly. Whilst some of the projects in the list submitted to Government are already in our pipeline and have been subject to due diligence, some will need further development and work at this stage. We will share our early thoughts on this with PMG on 30 June for discussion and will seek agreement to how we might move forward some projects on an 'at risk' basis.

Rachel Barker  
Director – Operations  
23 June 2020

Appendix A – Letter from Secretary of State, dated 10 June 2020  
Appendix B – Draft minutes from Covid 19 Board sub group on 12 June 2020  
Appendix C – Enterprise M3 submission and summary list of projects

Letter sent by Email

The Rt.Hon Robert Jenrick MP  
Secretary of State  
Ministry of Housing, Communities and Local Growth

18 June 2020

Dear Secretary of State,

### **Enterprise M3: Boosting Growth Through Renewal and Productivity**

I am writing on behalf of the Enterprise M3 Board and our local partners with proposals that will help to kickstart our vibrant but stalled economy - measures that will support businesses, entrepreneurs and our workforce. That deliver clean and digital transformation and the UK's globally competitive future.

My message to accompany this submission is clear:

1. We can be trusted to deliver – We have an outstanding track record on delivery and have put forward projects that will deliver
2. We work in Partnership – Our submission is based on submissions from our partners and is aligned to deliver maximum economic impact
3. Investment in Enterprise M3 is vital – We need to kick start our previously vibrant economy
4. Clean growth and digital transformation are in our DNA – These are embedded in our current Strategic Economic Plan (SEP) and Emerging Local Industrial Strategy (LIS)
5. We aim high – We believe investment in the South will drive recovery across the UK and enable the UK to compete on a global stage

#### **We can be trusted to deliver**

We have a strong reputation in the delivery of our existing Local Growth Fund Programme and currently have contracts for all of our projects and achieved 97% of total expenditure of our LGF by March 2020. Recent conversations with officials have confirmed that we are well on track to deliver our LGF projects this year and that we already have in place contingency measures should any project be delayed because of the pandemic. We know that our record of delivery is held in high regard and this puts us in a strong position to take on more projects. We have a highly effective programme team, well able to take on a larger portfolio of projects. We value our partners and our work with our public sector and not for profit partners and businesses should give you further confidence in our ability to deliver.

#### **We work in Partnership**

We have secured the involvement and support of partners key to stimulating regional growth, including business and industry representatives, our two county councils, our 13 districts and

borough councils, 6 FE colleges and 5 universities and other partners. In the interests of public accountability and value for money, the COVID-19 sub group of our EM3 Board have met and agreed a robust approach with strict assessment against your criteria, and in line with our emerging Economic Recovery and Renewal Plan.

We have received and scrutinised over 60 bids amounting to £160m identifying 13 bids that we believe will deliver and have maximum economic impact. These proposals are prioritised and we have already put in place measures to move efficiently through our due diligence process.

As we had hoped, many new ideas and outline bids have been presented to us that, although not ready for this funding call, present strong opportunities to further boost the regional and UK economy as further funding becomes available.

Importantly, we are working closely on economic leadership and collaboration across six LEPs in the South of England identifying areas for joint action that will maximise growth opportunities for the region as well as spearheading UK economic recovery. We are committed to working collaboratively through our respective submissions today to scale up activity across themes and sectors where we can add greater value to our individual proposals.

### **Investment in Enterprise M3 is vital**

Enterprise M3 is one of the largest LEPs in England covering much of Hampshire and West Surrey with a population of 1.5m, and, according to pre-Covid19 figures, with 91,500 businesses and 891,000 jobs. Last year we were the third most productive LEP delivering £62.1bn in GDP.

We have a diverse economy which is knowledge-based, strong on business-led innovation and rich in digital technology scale up businesses. Our economy also supports a rich variety of service type employment across professional services and in hospitality and leisure.

Despite these strong foundations our people and businesses are being hit hard. The number of work-related benefit claimants has trebled in 8 weeks. 25% of the area's employees are furloughed and official data shows we have a record number of forecast redundancies placing us within the top fifth of all LEPs.

The impact of the downturn in the aviation sector, construction, advanced manufacturing, professional services, hospitality and leisure and retail are being felt across our whole area and the impact on London's economy is being experienced across its borders especially within Surrey.

### **Clean growth and Digital transformation are in our DNA**

We are determined to work together to enable transformational changes that will not only bring recovery, but also renewal to our businesses and our workforce.

Our work on our local industrial strategy highlighted our strengths at operating at the cutting edge of innovation, our deep foundations of talent and the potential in our large low carbon and environmental services sector embedded throughout the areas sectors and value chains.

We have therefore placed a high emphasis in our proposals on the green economy and low carbon interventions as well as a focus on digital infrastructure, the adoption of digital technologies and the spread of digital skills as a way of driving new ventures and markets across our area. We have coupled this with approaches that enhance and reduce the carbon footprints of the way we work,

shop and travel across our region embracing opportunities that allow people to operate more locally and sustainably.

### **We aim high**

We know that COVID 19 is going to change the way that we do things. But change is inevitable, and it is not all bad. We see it as an opportunity to review the way we looked after our environment and accelerate our adoption of artificial intelligence and new technology.

In Enterprise M3 we are entrepreneurial and transformative and we will want to continue to adapt and thrive as we come out of this pandemic. Our proposals aim to get us into a world of the future. One that won't be the same but one where that doesn't mean it can't be better.

Yours sincerely



Dave Axam  
Chair – Enterprise M3 Local Enterprise Partnership



**Enterprise M3 Board**  
**Covid 19 Sub Group - Zoom meeting**  
**15 June 2020 – 15:30-16:30**  
**DRAFT MINUTES**

**Directors in attendance:**

Dave Axam – EM3 Board Chair - **CHAIR**  
Deborah Allen – RFAC Chair  
Linda Cheung – Communications Lead  
James Cretney – PMG Chair  
Cllr Colin Kemp – JLB Chair  
Stacey King – LIS Group Chair  
Mike Short – Nominations Committee Chair  
Kathy Slack – Enterprise M3 Chief Executive

**Apologies received:**

Rob Carr – Accountable Body Representative  
Cllr Rob Humby – JLB

**EM3 in attendance:**

Rachel Barker – Enterprise M3 Director – Operations  
Justine Davie – Enterprise M3 Office Manager and Executive Assistant

**1. Welcome from the Chair**

1.1. Dave Axam welcomed everyone to the meeting

**2. Apologies for Absence**

2.1. Apologies recorded for Rob Carr and Cllr Rob Humby.

**3. Declaration of Interest**

3.1. No declarations of interest received.

**4. Response to Economic Intelligence**

4.1. Kathy Slack provided a presentation on the information requested from MHCLG on projects to support local recovery. There was currently 21% of the working population in EM3 area furloughed and the sectors hit the hardest were hospitality, leisure, retail and professional services. There was concern whether some business sectors would be able to make a comeback if social distancing continued for a long period of time.

4.2. Areas needed to be considered for support were those which had strengths and opportunities for growth. However, it was recognised that there could be issues with potential mismatches between available labour and skills and the job vacancies. It was acknowledged that there was an opportunity around the clean growth agenda including to focus on growth in the green economy and ICT and digital.

4.3. Requests from Government:

- Identify how accelerated funding from Government support the delivery of capital projects in order to stimulate the economy over the next 18 months (by January 2022).
  - Identify how new shovel-ready projects support economic recovery.
  - Submit information in priority order to MHCLG by 18 June 2020.
- 4.4. Government was specifically looking for projects that modernised town and city centres, provided physical infrastructure to improve the local economy; improved human capital including business support, enhanced the innovation ecosystem and improved digital connectivity. The factors that would be important for projects to demonstrate were deliverability, impact on the economy, additional activity, value for money and a clear description of the project.
  - 4.5. A positive meeting had been held with Government regarding drawing down the additional LGF capital funding for 2020/21 which would put Enterprise M3 LEP in a strong position for receiving further funding.
  - 4.6. Enterprise M3 Team have been out to local authorities, higher education and further education partners. There had been 30+ projects submitted for funding and there were four projects already in the pipeline. Work was also taking place on potential projects relating to digital connectivity fibre spine, supporting town centres, digitalisation of further education colleges and local co-working space.
  - 4.7. The details on projects would need to be inputted into the Government spreadsheet by 17 June and to be submitted to Ministry of Housing, Communities & Local Government (MHCLG) on 18 June. It was hoped that information on funding would be received in early July to indicate whether EM3 had been successful. The funding was for capital projects although a plea for some revenue funding would be included in the letter accompanying the spreadsheet
  - 4.8. The Covid-19 Sub Group provided governance for the bid submissions but it was emphasised that any spend proposals would still go through the Programme Management Group (PMG) with suitable due diligence carried out. It was proposed that the EM3 Team would sift and prioritise the projects against a set of criteria. Government was looking for ideas for projects at this stage and due diligence would follow later. Any projects received after the deadline could be considered through the pipeline process and be included in any future funding allocation. It was agreed that funding available needed to be communicated externally to highlight that there could be further opportunities for funding.
  - 4.9. It was expected that a number of the 30+ projects received would not be included on the list submitted to Government. The list submitted needed to contain strong projects which could deliver and would have a significant impact. It was suggested that there should be some impact in relation to the response to Covid-19 in the submission.
  - 4.10. There was some discussion on making the submission more ambitious and do some cross-LEP work if possible. It was felt that due to the timescales there was limited potential for the development of large cross-LEP projects however there could be some projects that could be developed into a larger project with a wider impact for any future submissions. It was highlighted that the capacity of the EM3 Team needed to also be taken into consideration along with Government security of continued funding for LEPs.

- 4.11. It was agreed that projects that had stalled due to the impact of Covid-19 could also be considered to help put them back on track if the outputs were significant. The Group was advised that a letter had been sent to current project sponsors to see if there were any opportunities to accelerate any work.
- 4.12. The Sub-Group approved the proposed process against the key criteria of digital and clean growth, deliverability and impact. An additional criteria of the ability to deliver a strong message for the Enterprise M3 area was added. It was agreed there should be a mixture of projects, some of which may be stronger in some areas of the criteria than others. It was also agreed there should be a spread of projects across the Enterprise M3 area. The projects submitted would need to demonstrate that they could be delivered and were meaningful and memorable. Sub Group members accepted that they would not sign off final list to be submitted to MHCLG but noted that projects would need to go through the normal approval process and PMG before any expenditure could be agreed. An additional PMG meeting was planned for the end of June.
- 4.13. It was agreed that the package should be around £30-50m depending on the strength of the projects against the criteria. The spreadsheet would contain the outline list which would be accompanied by a letter from the Chair which would contain a list of potential other projects.

End – 1630

## APPENDIX C

### Details of projects included in Enterprise M3's submission to Government (June 2020)

**DIGITAL SKILLS WORK** Invests in our network of Further Education colleges to extend digitalisation of learning, and to meet industry needs for digital technology skills in growing games industry.

**DIGITAL FIBRE SPINE** This investment enables a step change in digital connectivity for our area. Especially serving business parks, commercial sites, the major NHS regional hospital, Farnborough airport, major data centres and two town centre regeneration projects.

**CREATIVE TECH GROWTH BOOSTER** This project will rapidly boost our creative technology SME cluster, for innovation, and productivity gains, and builds on the successful StoryFutures creative industries R&D projects at RHUL.

**PARK, RIDE & EV CHARGE** This proposes a new "Park & Ride & Charge your Electric Car" site to increase use of low carbon transport options for commuters into Winchester.

**SUPER-HUB REGIONAL ENERGY STORAGE** This investment would increase the much-needed energy capacity and resilience of a region stretching along the M3 corridor into West London, including Heathrow and its economic hinterland.

**SPACE & SATELLITE INCUBATOR CENTRE** This Incubator Centre will stimulate post-Covid19 economic recovery by generating 1400 sqm of office, lab and workshop space for our growing space/satellite cluster and will be part of the Whitehill & Bordon Enterprise Zone on the Techforest site.

**BUILDING A GREENER FUTURE** This investment in renewable energy and low carbon projects will stimulate demand across the EM3 LEP area, in the Low Carbon sector, creating new jobs and delivering the co-benefits of CO2 reductions as well as developing a resilient energy system.

**WHITEHILL & BORDON – A DIGITALLY CONNECTED NEW MARKET TOWN** This investment will help create a vibrant, attractive and self-sufficient town centre at Whitehill & Bordon, including "The Makers' Market" , and a fibre broadband enabling free public Wi-Fi.

**BLACKWATER VALLEY GOLD GRID** The scheme aims to improve bus journey time reliability and improve passenger perception of the bus service by addressing issues including frequent delays.

**ENTERPRISE M3 FUTURE WORKSPACES PROGRAMME** This project will regenerate vacant buildings into high quality, town centre workspaces, in response to a Covid19-led demand for more local workplaces and less commuting.

**LOW CARBON & ACTIVE TRAVEL FOR HIGH STREET RENEWAL** This programme helps restore and renew customer confidence and commercial activity to our high streets through innovations in transport, including e-bikes, rapid road space re-allocation, micro-mobility, and smarter towns linking people to employment and transport to work.

**RURAL BROADBAND** A top-up to a current scheme offering rural residents up to £1,500 to enable a gigabit capable broadband connection.

**SURREY HEATH 5G** This project is seeking to establish the UK's first full 5G shopping centre in the Surrey Heath Borough Council freehold owned centre and is in partnership with the 5G Innovation Centre at The University of Surrey.