



Driving prosperity in the M3 corridor

Enterprise M3 Board Meeting

27 July 2017 - 2.00-5.00pm

Ramboll, Carlton House, Ringwood Road, Woodlands, Southampton, SO40 7HT

MINUTES

Board in Attendance

Geoff French - Chair
Dave Axam
Tim Colman
Ferris Cowper
James Cretney
Nick Elphick
John Furey
Jason Gaskell
Paul Hogg
Tim Jackson
Andrew Lambert
Keith Mans
Louise Punter
Clive Sanders
Mike Short
Paul Spooner
Chris Tinker

Guests in Attendance

Toni Wootton

Apologies

Andy Barr
Julia Potts

EM3 Team

Kathy Slack
Rachel Barker
Aleks Bennett
Sue Littlemore
Chris Quintana
Justine Davie

1. Welcome from Ramboll

- 1.1 Mike Neeham, Director at Ramboll welcomed the Board to Ramboll offices and provided some background information on the company. Ramboll was an Engineering Design Consultancy which currently comprised of 300 offices across 35 countries and employed 13,000 consulting engineers, designers and management consultants. The offices in Southampton had been established in 1969 on the site of a former reform school for boys. Some of the projects that Ramboll had been involved with included the Queensferry crossing, British Antarctic survey work, Twin Sales Bridge in Poole and Lymington Quay Improvements. Ramboll had also carried out mechanical and electrical engineering work on the Farnborough International permanent facility. Future work would include looking at climate change and digitalisation.

2. Welcome and Introductions

- 2.1 Geoff French welcomed everyone to the meeting.

3. Minutes of the previous meetings & matters arising

- 3.1 The minutes of the previous meetings were agreed and the actions were noted.

4. Declarations of Interest

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

- Tim Jackson declared an interest in the Local Growth Fund Programme Update item and left the room during the decision making.

5. Fawley Waterside

- 5.1 The company Fawley Waterside Limited was established in 2015 and subsequently purchased the 300-acre Fawley Power Station site. The vision for the site was to develop a large mixed-use development that would include approximately 2 million sq ft of residential space and 1 million sq ft of commercial space. It was estimated that the development could create up to 2,000 new jobs in advanced manufacturing, marine and aerospace industries, construction and other services. The vision included the creation of 1500 homes over 15 years, infrastructure developments including road and rail improvements and waterfront access including a fast ferry service. There were also some major environmental enhancements identified in the vision. A site visit to Fawley Waterside had taken place on the morning of the Board meeting which had been attended by a number of Board members.
- 5.2 The Board discussed the Fawley Waterside development and was in agreement that it was an exciting development which aligned with Enterprise M3's key priorities and objectives. However, with such a large development there were a number of risks, not least the costs associated with the development, in particular the infrastructure improvements required. The land owner in the surrounding area would need to work together to secure the road improvements required. EM3 and Solent LEPs along with New Forest District Council would all need to work together.

Action to be taken	By Whom	When
Work on an action plan setting out how EM3 and Solent LEPs could help progress the development in a co-ordinating role with New Forest District Council	Chris Quintana	October 2017

6. Capital to Revenue Transfer

- 6.1 Aleks Bennett, Enterprise M3 Finance Manager, advised the Board that concerns had been raised by scheme promoters on the lack of revenue funding to support the costs associated with scheme design and development. Feedback from the SEP refresh exercise had also highlighted the need for revenue expenditure around sector development, skills and career improvement and a scale up business support programme. Revenue funding was also critical for the future of the Growth Hub if additional Government funding was not forthcoming.
- 6.2 Hampshire County Council (HCC), the Accountable Body, had proposed a lump-sum transfer to be made between Enterprise M3's capital balances to its revenue funds to fund revenue activity over the next five years. The Accountable Body would divert some of the Local Growth Deal Fund or Growing Enterprise Fund to fund other capital projects within HCC and re-divert the equivalent amount of revenue funding back to Enterprise M3.
- 6.3 The Accountable Body had identified capital projects up to £3m which could benefit from a capital/revenue transfer with Enterprise M3 funds. Once converted the revenue funds could still be used to fund capital activity, should the need arise. The principles of the transfer had been discussed with Ernst Young, HCC's external auditor, and no initial concerns had been raised.
- 6.4 The team had identified broad areas where additional revenue activity would aid delivery of the Strategic Economic Plan, where no alternative funding was available. Areas of work included: taking forward current transport and highways schemes and developing a pipeline of future schemes; funding for the Growth Hub to develop the scale-up process and providing security if Government funding was not forthcoming; and, skills activity including the roll out of careers advice and guidance across the area and using specialised skills provision to retrain the existing workforce. Board approval would be required on the broad policy areas to be funded with the revenue stream. The business cases for the specific areas of activity would be presented to PMG and the Board for discussion and approval.

- 6.5 The transfer would require HCC Cabinet and Section 151 officer approval which was expected in October 2017. The Board was asked to approve the principle of the capital to revenue transfer. It was proposed that the final sign-off of the amount (up to a maximum of £3m) and whether the source of the capital funding would be LGF or GEF should be delegated to the Enterprise M3 Director for final approval. The PMG had discussed the capital to revenue transfer and recommended to Board to agree the principle and delegate the final sign-off to the Enterprise M3 Director.
- 6.6 The Board discussed the proposal and agreed to the principle of the capital to revenue transfer, that £3m of capital funds be transferred to revenue funding and to delegate the final sign-off to the Enterprise M3 Director. However, it was requested that the governance was made clear on approval for proposals and it was highlighted that there was a need for clear monitoring of outcomes to show what the revenue funding was achieving.

Action to be taken	By Whom	When
Include clear monitoring of outcomes and a clear process for approving proposals in the governance for the revenue funding	Aleks Bennett	28 Sept 17

7. Enterprise M3 Governance

- 7.1 The Board had received a six-point action plan from the Nominations Committee which had been circulated in July. The Board had agreed by way of correspondence to the appointment of Dr Mike Short as Enterprise M3 Chair until December 2018. Feedback from the Board on the six point action plan had been received and incorporated into the proposals from the Nominations Committee.
- 7.2 The Board discussed the six-point action plan and agreed to all of the points except the appointment of the two Deputy Chairs. There was some discussion on whether the role should be a vice chair or assistant chair rather than a deputy. Further work would be carried out to see what other LEPs had in place and a further report would be provided to Board in September.

Action to be taken	By Whom	When
Contact other LEPs to establish what other structures were in place for deputy roles and report back to Board in September	Rachel Barker	28 Sept 17

8. Growing Enterprise Fund

- 8.1 The Board was updated on the progress of the allocated funding for the Growing Enterprise Fund projects. Repayments had been received on schedule and the 2017/18 forecast year-end balance was £7.54m. The Fund remained open to new applications and two meetings with potential applicants had taken place. HCC had also confirmed that the 'ring-fenced' £3m GEF was still required to support a major inward investment enquiry on which the outcome was expected to be known by September.
- 8.2 An Expression of Interest had been received from Cranleigh Village Hospital Trust for a health-led scheme which would provide 20 new hospital beds and an 80-bed care home. The development would incorporate 26 staff accommodation units for local health care workers. Cranleigh Village Hospital Trust were seeking £1.66m of loan funding to support the accommodation unit element. The PMG had discussed the application and agreed to recommend that the project should be progressed to due diligence. A request had also been made for £232k of grant for the project which the Programme Management Group recommended should be refused.

- 8.3 The Board agreed with the recommendation from PMG for the request for £1.66m of loan funding only should be progressed to due diligence.

Action to be taken	By Whom	When
Progress the Cranleigh Village Hospital Trust project to due diligence	Rachel Barker	August 2017

9. Innovation South Science & Innovation Audit

- 9.1 Sue Littlemore, the Enterprise M3 lead on Innovation South Science and Innovation Audit (SIA) set out the background and opportunities for Enterprise M3 and the wider region arising from the SIA. Enterprise M3 took the lead to form Innovation South which comprised six LEPs and had support from over 120 organisations from across the region including business and industry, research organisations and the public sector. The brief for the SIA was to focus on the region's globally competitive strengths in business and research and innovation in five digital enabling technologies which were digital communications, cyber security, big data analytics, photonics and quantum. The Audit also looked at existing and potential application of the technologies in four of the region's high tech sectors.
- 9.2 The strengths highlighted in the SIA included the 5G Innovation Centre in Guildford, the Transport Research Laboratory in Crowthorne, Bournemouth University's Orthopaedic Research Institute and Boaty McBoatface the autonomous submarine created at the National Oceanography Centre in Southampton. The outcomes from the SIA would help identify gaps in how the region was driving innovation among businesses and recommend ways to improve. It was important to ensure the SIA aligned with other national and regional initiatives and strategies.

10. Strategic Economic Plan Refresh –

- 10.1 The Board received an update on the progress of the Strategic Economic Plan refresh. A number of consultations had been held with stakeholders as well as several events with businesses. A Strategic Workshop had been held with the Board and other key invitees at the end of May and a follow up session was planned for 15 August. A public consultation was planned for the Autumn, with the endorsement of the draft document by the Board expected at the end of September, followed by the final publication in early 2018. It was highlighted that the emerging plans from Government on the Industrial Strategy could result in some changes to the SEP timetable.
- 10.2 The consultation so far had identified some key strengths and challenges facing the Enterprise M3 area and economy which should be addressed in the refreshed SEP. The view from the consultant's analysis and stakeholders was that the original SEP was strong and should be built upon. The refreshed document provided an opportunity to promote the area and present recommendations that Government would want to invest in. Feedback suggested that the SEP should: be more ambitious for the long-term; focus on how the relationship with London affected the economy; consider how to develop place as a unique selling point; recognise the value of key and niche sectors; and, build a much closer relationship with businesses and partners on internationalisation and business support.

11. Local Growth Fund Programme Update

- 11.1 The Board was advised that the total spend for 2015-18 was forecast at £121.1m which was £0.7m under the available allocation over the three years. It was highlighted that although the current forecast showed the full 2017/18 allocation being spent it was unlikely that the full amount made available over the three-year period would be distributed. There were also risks within the current programme as five projects forecasting expenditure had yet to submit business cases. If none of the five projects had any spend in 2017/18 that would total £13.6m

less expenditure than currently forecast, the position would continue to be monitored and reported to the Board on a regular basis.

- 11.2 Discussions had taken place within the team to mitigate against the risk of a large underspend and opportunities to accelerate projects forecast for delivery in later years would be explored. The scale of the underspend was currently less than the additional 2017/18 allocation awarded to Enterprise M3 in March 2017 of £16.6m. It was proposed that an early discussion should be held with Government to make them aware of the potential underspend which at this time was expected to be in the region of £5m.
- 11.3 The Board received new versions of the expenditure dashboard and outcomes dashboard which had been developed with Hampshire County Council. The Board discussed the new dashboard and were happy with the expenditure dashboard but asked for some changes to the outcomes dashboard for the next meeting. The comments on the outputs dashboard would be incorporated and an updated version would be reported to the September Board meeting.
- 11.4 The Board had agreed funding for the Hampshire Centre for the Demonstration of Environmental Technologies project in 2016. To complement the project Sparsholt College had applied for ERDF funding and the application was currently being considered. However, due to Government delays reviewing the ERDF applications, the outcome may not be known until September 2017 which could have an overall impact on the completion date of the facility. It was proposed that Enterprise M3 should seek repayment of funding from Sparsholt College for it to be ring-fenced until the outcome of the ERDF funding was known. The Board agreed to the proposed approach which had been endorsed by PMG.
- 11.5 The Board was asked to consider changes to two transformational transport packages, the Blackwater Valley Gold Grid and the Unlocking Guildford Transport Package. Both initial Expressions of Interest consisted of a number of interlinked projects. The main aim of the Blackwater Valley Gold Grid proposal was to improve inadequate infrastructure in Camberley Town Centre. The two main elements were to improve the public realm in the centre of Camberley and for a major step-change to the public transport and sustainable transport corridor linking Camberley, Farnborough and Aldershot. The aim of the Guildford package was to deliver unimpeded access by all transport modes with priority for public transport and sustainable travel. Elements of the package would contribute to relief of traffic pressure on strategic routes into Guildford which was currently subject to significant peak hour congestion.
- 11.6 Scheme promoters would be required to produce stand alone business cases for the individual elements of the packages. It was recognised that in many instances the elements would be closely related therefore to maximise the benefits of the approach it was intended to appoint AECOM to carry out the scrutiny of the business cases early in the process. AECOM would advise on the strategic business case to ensure they were comfortable with the approach being taken. The Board noted the proposed approach with had also been supported by PMG.

Action to be taken	By Whom	When
Update outputs dashboard to incorporate comments from Board	Rachel Barker	28 Sept 17
Arrange for repayment of the LGF funding from Sparsholt College for the Hampshire Demonstration of Environmental Technologies project	Rachel Barker	August 17

12. Update on Government Plans

- 12.1 Toni Wootton advised the Board on the current Government plans. An Industrial Strategy White Paper would be published in the Autumn. The Board was advised that the SEP and Industrial Strategy would be two separate documents but would need to be closely aligned. A

meeting had been arranged with Mike Short and Joe Manning the BEIS lead on the Industrial Strategy.

13. Enterprise M3 Business Plan

13.1 The Board received copy of the draft Enterprise M3 Business Plan 2017/18. The Board approved the content of the Business Plan and noted the ongoing work to finalise the plan to reflect the emerging conclusions from the SEP refresh and Government Industrial Strategy.

14. Joint Leaders Board

14.1 Clive Sanders provided a summary of the Joint Leaders Board meeting held on 19 July. The JLB members had been asked to provide a response to the EM3 SEP, to which seven responses had been received to date. A discussion had been held on housing and how the LEP could help which proved useful. The Housing Infrastructure Fund was currently inviting local authorities to apply for grant funding for new infrastructure that would unlock new homes. The Board would be kept informed on applications submitted.

Action to be taken	By Whom	When
Advise the Board on applications submitted for the Housing Infrastructure Fund	Rachel Barker	28 Sept 17

15. Finance Report

15.1 The Board was provided with a report setting out the 2017/18 year end forecast and the actual position at the end of quarter one. The 2017/18 income and expenditure would be monitored on an ongoing basis. It was expected that the new Finances, Resources and Audit Committee Board sub-group would play a key role in overseeing the 2017/18 budget, challenge spend and champion future sustainability through increased income and expenditure savings.

16. EU Programme Update

16.1 The Board noted the progress on the EU Programme.

17. Directors Report

17.1 The Board received and noted the Directors Report.

18. Forward Programme

18.1 The Board received and noted the Forward Programme.

19. Any Other Business

19.1 The Board thanked Geoff French for all his hard work for Enterprise M3 during his time served as Chair of the Board and wished him well for the future.

19.2 There would be a review of Board membership on the various EM3 groups over the coming months.

19.3 The future Enterprise M3 Board meetings would be held on

- Thursday 28 September, 2017 – Project Five, Camberley
- Thursday 30 November, 2017 – Sparsholt College, Winchester
- Thursday 25 January, 2018 – The Square, Basing View, Basingstoke
- Thursday 29 March, 2018 – University Centre Farnborough