



Driving prosperity in the M3 corridor

Enterprise M3 Board Meeting

28 March 2017 - 1.30-5.00pm

BMW (UK) Ltd, Summit ONE, Summit Avenue, Farnborough, GU14 0FB

MINUTES

Board in Attendance

Geoff French - Chair
David Barnes
Andy Barr
Tim Colman
Ferris Cowper
James Cretney
Paul Hogg
Tim Jackson
Andrew Lambert
Louise Punter
Clive Sanders
Mike Short
Paul Spooner

Guests in Attendance

Adam Smith
Prof Peter Smith
Alex Mant
Mark Pearson
Toni Wootton

Apologies

Dave Axam
Nick Elphick
Jason Gaskell
Maira Gibson
Keith Mans
Peter Martin
Chris Tinker

EM3 Team

Kathy Slack
Rachel Barker
Sue Littlemore
Justine Davie

1. Welcome from BMW Group (UK)

- 1.1 Adam Smith, Head of the Project Team provided a presentation on the working practices and culture at BMW Group UK and took Board members on a short tour of the offices. BMW (UK) had moved to Summit ONE offices in Farnborough bringing together offices in Bracknell and Hook. The move enabled a change to the work culture to suit a new generation of employees. It was recognised that competition for BMW had significantly increased and it was important that BMW was fit for the future. BMW cars were at the forefront of technology and it was important that the employees were the too. Staff retention was a key driver and the Summit ONE campus brought three BMW businesses together which provided more opportunities for staff within BMW rather than moving to other car manufacturers. The Campus had been branded 'what moves you' which worked on the values of being authentic, collaborative and inspirational. The culture shift was being adopted by all employees and a gradual change was taking place.

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:
- Paul Spooner declared an interest in the Life Science Business Activity and Opportunities Survey item but remained in the room during the discussion.

- Tim Jackson declared an interest in the Local Growth Fund Programme Update item in relation to the Hampshire Centre for the Demonstration of Environmental Technologies section and left the room during the discussion and decision making.
- Ferris Cowper, Paul Hogg Tim Jackson Clive Sanders, Mike Short and Paul Spooner declared an interest in the Local Growth Fund Future Programme item and left the room during the decision making.

5. Life Science Business Activity and Opportunities Survey

- 5.1 Professor Peter Smith and Alex Mant from the University of Surrey attended the meeting to report on the findings of the Life Science Business Activity and Opportunities Survey. The aim of the project was to collect data on the number of life sciences companies that were in the Enterprise M3 area and provide details on the work carried out. Analysis of the data had taken place to identify the regional unique selling point for the area and a business survey had been conducted to gain some detailed information on the life sciences companies. An interactive online map resource had been produced which set out the location of the companies and provided details on the nature of the work.
- 5.2 The results compiled showed that there were 195 life sciences companies in the Enterprise M3 area, of those: 84 were medical technology companies; 28 therapeutics discovery and development (TDD); 29 aligned with diagnostic technologies; 21 TDD aligned with pharma, drug development and manufacturing; and, 17 companies aligned with physical impairment and diseases of bone and soft tissue. It was acknowledged that there were likely to be a number of other companies not captured and the data would be updated as more companies were identified.
- 5.3 There was a 12.5% response rate to the business survey and the results showed that there was little awareness of local government policy or Enterprise M3 LEP and of those that responded skills shortage was not viewed as a major problem. The Board expressed concern that the response rate was so low.
- 5.4 The Board discussed the information provided and how to move the activity forward. It was agreed that the LEP should help to bring the sectors together and communicate information on funding and clusters. The Growth Hub and Higher Education Group could be involved in bringing groups together and sharing information. A sector deal on life sciences could be considered for inclusion in the Industrial Strategy.

Action to be taken	By Whom	When
Work with the Growth Hub and Higher Education Group to develop the life science activity	Sue Littlemore	Ongoing
Consider the development of a life sciences sector deal in the Industrial Strategy	Jude Robinson	17 April 2017

6. Enterprise M3 Enterprise Zone Implementation Plan

- 6.1 Geoff French provided an update on the activity undertaken to progress the Implementation Plan for the Enterprise M3 Enterprise Zone. The Sub Group had met on 16 March and agreed changes to the implementation plan ready for submission to the Government on 31 March. The Sub Group had been satisfied that the case for investment was strong but agreed that the presentation of the case within the Implementation Plan needed to be strengthened further and should emphasise from the start the benefits of investing in the Enterprise Zone.
- 6.2 A final proposal for membership and updated Terms of Reference for the formalised Programme Steering Group (PSG) would be considered at the interim PSG meeting in April. A recommendation would be made to the Board meeting in May for the formation of the final

Enterprise Zone PSG. The PSG would oversee the development of the overarching plans and consider individual interventions. Applications for interventions would be considered by PSG and PMG and then be brought to the Enterprise M3 Board for final approval. The chair of the Enterprise Zone PSG would be invited to join the PMG for items relating to the Enterprise Zone.

- 6.3 A marketing plan was being developed and intensive work had resulted in the name EZ³ with the strapline ‘The London and South Innovation Valley’ being agreed by partners. It had been agreed that the LEP’s role for marketing of the Enterprise Zone would be as a ‘wrap-around’ activity, supporting the individual marketing efforts of each component site. The marketing would include contact with the Department for International Trade and other Government departments, with a focus on national and international markets.
- 6.4 The Board was advised that the Implementation Plan set out an indicative five-year plan focussed on priority interventions for establishing the EZ and a trajectory for the full 25 years. It was important that work was started as early as possible to maximise the rates returns.
- 6.5 The Board discussed the Implementation Plan. The need for digital inclusion to be addressed at an early stage was raised and there was a request for some public relations work highlighting what the Enterprise M3 LEP had done for employment and the public purse. There was some discussion on the branding, it was highlighted that the branding was a wrap-around for the individual site branding. The Board agreed to delegate approval of any further minor amendments to the Enterprise M3 Director.

Action to be taken	By Whom	When
Board comments to be actioned and final Enterprise Zone document to be approved by the Enterprise M3 Director before submission to Government on 31 March 2017	Mark Pearson	31 March 2017

7. Industrial Strategy

- 7.1 Kathy Slack advised the Board on the work that was underway to respond to the Government’s consultation on the Industrial Strategy. The Government Green Paper ‘Building our Industrial Strategy’ was published in January 2017. The objective of the Industrial Strategy was to improve living standards and economic growth by increasing productivity and driving growth across the whole country. The Enterprise M3 response to the consultation was being developed and discussions were being held with key stakeholders through networks and social media channels. The key messages had been discussed with the Joint Leaders Board.
- 7.2 The Board was provided with the broad outline of the initial response including the key areas that would be focussed on and the key asks. The areas that would be focussed on were: investing in science, research and innovation; developing skills; upgrading infrastructure; supporting businesses to start and grow; trade and inward investment; world leading sectors; and, creating the right institutions to bring together sectors and places. Further workshops were scheduled and the draft response would be prepared by Metrodynamics by 12 April with the final response submitted to Government on 17 April.
- 7.3 The Board discussed the proposed response to the consultation and agreed with the approach set out. Feedback from Government was that the response to the consultation should focus on specific sectors, be clear on the asks, address the questions in the Green Paper and make sure the response stood out highlighting the Enterprise M3 area. The Board granted delegated authority to the Enterprise M3 Director to sign off the final response.

Action to be taken	By Whom	When
Sign off the final response to the Industrial Strategy Green Paper to be submitted by 17 April	Kathy Slack	17 April 2017

8. Local Growth Fund Programme Update

- 8.1 Rachel Barker provided an update on the current Local Growth Fund programme. A number of contracts had been signed and there were further transport contracts due to be signed in late March 2017, particularly for Surrey County Council schemes, funding allocations for 2017/18 would not be confirmed until those contracts had been signed.
- 8.2 The actual LGF spend to date for 2015/16 and 2016/17 was £49.1m. The total forecast for 2015-2017 was £66.5m which was £9.6m below the allocation for the two years. However, discussions had been held with scheme promoters to bring forward planned expenditure from 2017/18 where possible. It was hoped there would be some further claims submitted and the spend for 2016/17 could increase to 101% of the LGF allocation. An updated paper and dashboard with the final figures would be published on the website and included in the Chairs Weekly Update.
- 8.3 Work was underway on communications activities associated with the Local Growth Fund including: the development of ten key messages on the Local Growth Fund and production of a standard slide pack; an update to the project information on the website; and, publication on the website of the programme update board papers and dashboard. The Group noted the Local Growth Programme latest position.
- 8.4 A cost increase request had been received for £240k for the Hampshire Centre for the Demonstration for Environmental Technologies project. The cost increase had been caused by a delay in the project due to planning permission being declined which then had to be resubmitted. In the delay period the price index which the costs had been based on had risen by 12%. There had also been some modest improvements to the design. Sparsholt College would increase their match funding to provide 50% of the cost increase and cover any further contingency costs.
- 8.5 The Programme Management Group had discussed the request and agreed to fund the increase relating to the construction costs but was not willing to fund the increased design costs. Sparsholt had subsequently agreed to fund the additional design costs and PMG delegated authority to the Director to approve the additional £158,400 LGF for the project. The Board noted the increased allocation.

Action to be taken	By Whom	When
Publish an updated paper and dashboard on the website setting out the final 2016/17 LGF figures	Rachel Barker	21 April 2017
Send an update to Board members in the Chairs weekly news showing the final LGF expenditure figures	Rachel Barker	21 April 2017

9. Local Growth Fund Future Programme

- 9.1 The Board was advised on the latest position of the Local Growth Fund (LGF) future programme. A provisional list of projects had been submitted to Government in December 2016 which was endorsed by PMG and the Board in January 2017. The funding profile had recently been received from Government for the LGF3 allocation and the 2017/18 allocation far exceeded what was expected. With the exception of 2019/20, the allocation broadly totalled £40m in each year. Feedback had been provided to Government stating that the 2017/18 profile was much higher than expected and highlighting the anticipated difficulties in managing the reduction in funds in 2019/20. The response from BEIS officials noted the concerns but indicated that there was little room for manoeuvre in the profiles but there were negotiations taking place with the central team.
- 9.2 The Enterprise M3 team had reviewed the entire LGF programme, adding in the LGF3 schemes to the existing LGF projects. Discussions were being held with scheme promoters to

get a clear idea of the profiling for the projects. Given the indicative funding profile it was proposed that a £10m programme to support the Enterprise Zone was made available in 2017/18 which could support the two schemes identified in the growth deal and any other schemes identified by the Enterprise Zone Steering Group. Any scheme supported by the programme would need to be agreed by PMG and Board in the normal way and it was proposed that the £10m allocation would be reviewed in September 2017. It was highlighted that the £10m would be a loan not a grant which would be repaid from the business rates returns.

- 9.3 The initial review of the LGF programme showed the forecast expenditure at the end of the LGF period of £227m against a cumulative allocation of £218.7m. The main issue was the significant drop in the allocation for 2019/20 which could in part be addressed by taking forward additional schemes on a loan basis, with repayments starting to flow through in 2019/20. Following confirmation of the final funding profile from Government, the team would work with partners to discuss funding profiles, expected delivery dates and the timetable for the development of a business plan. A key area of focus would be to bring forward business cases for any Enterprise Zone proposals, working with EZ partners and the EZ PSG.
- 9.4 The Board discussed the programme and supported the revised programme and the proposal for a £10m loan fund to support Enterprise Zone activity.

10. Finance Report

- 10.1 The Board received a paper setting out the forecast income and expenditure budgets for 2017/18. The operational income forecast totalled £995,000 which included: Government funding of £500,000; a further £180,000 from local authorities; and, £80,000 from further education and higher education providers. The remaining £235,000 was expected from application fee income, management of Growth Hub contract funding, Enterprise Zone Director funding from Enterprise Zone partners and ESF and ERDF Technical Assistance funding from Government.
- 10.2 The forecast expenditure for the operational fund was £1,246,696 and for the Growing Enterprise Fund (GEF) fund was £183,860. This was £435,556 higher than the forecast income and therefore it was proposed that £184,000 would be taken from the GEF revenue fund, £200,000 would be carried forward from 2016/17 and the remaining £52,000 would be drawn from the interest reserves.
- 10.3 The Government had confirmed £287,000 of grant funding for the Growth Hub for 2017/18, the cost of delivering the Growth Hub for 2017/18 was £350,000. The shortfall would be transferred from the SEEDA legacy account which could only be used for business support activity. The remainder of the SEEDA legacy account would be used to cover any Growth Hub shortfall in 2018/19.
- 10.4 The interest earned on the funds held by Hampshire County Council had accumulated in a separate reserve account. It was proposed that £120,000 was transferred from this fund to set up a staff redundancy reserve to cover any staffing liabilities in the event of the LEP being wound down. The closing balance on the interest reserve would be £344,974 which could be used to cover any additional activities or shortfalls.
- 10.5 The Board discussed the budgets and it was requested that in future finance reports the proposed budget was set out to include the previous year's figures. As the Annual Conference was not taking place in 2017/18 it was suggested that 50% of the conference cost should be accrued to 2018/19. There was some discussion on whether the £120,000 for staffing liabilities was required as staff were on fixed term contracts, the matter would be followed up with Hampshire County Council.

10.6 The Board agreed for £120,000 to be transferred into a new staff redundancy reserve subject to the outcome of discussions with Hampshire County Council. The Board agreed for £52,000 to be drawn from the interest reserves to support activity in 2017/18. The Board agreed the budget for 2017/18 and delegated authority for the LEP Director to manage day to day spend in line with the headline income and expenditure figures in the budget.

Action to be taken	By Whom	When
Discuss with Hampshire County Council whether a redundancy reserve was required	Rachel Barker	30 April 2017

11. Enterprise M3 Risk Register

11.1 The Board received a copy of the revised Enterprise M3 Risk Register which had been reviewed at internal management meetings and was reported to the Board every 6-months for approval. The Board discussed the Risk Register and suggested the likelihood of Devolution should be reduced to low and it was also suggested that not finding a replacement Chair and new Board members should be included as a risk. The Board approved the updated Risk Register subject to the incorporation of the proposed comments.

Action to be taken	By Whom	When
Update the Risk Register with the Board comments and publish the revised version on the website	Rachel Barker	30 April 2017

12. Enterprise M3 Growth Hub

12.1 The Board was advised on the progress made by the Growth Hub since the November Board meeting. The extension of the Growth Hub contract was in the process of being signed and a revised set of KPI's and Management Information had been agreed with the BE Group for the next 12 months. The Enterprise M3 team had been working closely with the BE Group and Growth Hub staff on their future business plan. Roya Croudace and Chris Quintana had met with a small number of Board members to explain the role and priorities of the Growth Hub for the coming year. The meetings had been valuable to all concerned and highlighted a number of issues for the Growth Hub to address. The final plan business plan would be presented to the Board in September 2017.

13. Enterprise M3 Strategic Economic Plan Refresh

13.1 The Board was informed of the work underway to update the Enterprise M3 Strategic Economic Plan (SEP). MetroDynamics had been appointed to carry out the SEP work along with pulling together the response to the Industrial Strategy White Paper which would ensure a consistent message was being communicated to Government. MetroDynamics and the Communications Team would develop a communications strategy around the work to support the planned consultation with stakeholders and ensure ownership of the outcomes of the work. A Steering Group had been established which was chaired by Dave Axam and would also include some key partners. A strategic workshop was planned for May to provide an opportunity for the Board to discuss and feed into the work. A draft report would be presented to the July Board meeting with the final report brought for approval in September 2017.

14. Enterprise M3 Governance

14.1 Mike Short updated Board members on the work of the Nominations Committee. The advertisement for new business Board members had resulted in 12 applications being received and seven interviews were being held. It was hoped that any newly appointed Board members would be able to join the Board at the meeting in May 2017. There had been some interest received after the deadline which would enable a pipeline to be developed of individuals who may wish to work with Enterprise M3 in the future.

14.2 The advertisement for the new Chair would be going live on 8 April with the aim of a new Chair being appointed by July 2017. A sub-committee of the Board would be involved in the interview process.

14.3 Clive Sanders advised that there would also be some new appointments made to the Board from the Joint Leaders Board.

14.4 The Board was informed that Malcolm Young had stepped down as the Chair of the Land and Property Action Group and Michael Knott had offered to take on the role for three years. Michael Knott was a Director at Barton Willmore, worked extensively across the Enterprise M3 area and had been a member of the Land and Property Action Group for three years. The Land and Property Group confirmed their support for the appointment. The Board agreed the appointment of Michael Knott as the Chair of the Land and Property Action Group.

15. Growing Enterprise Fund

15.1 The Group received an update on the progress of the Growing Enterprise Fund (GEF). Key developments since the last meeting included the completion of an evaluation of the FSE Expansion Fund which was positive, the show home at Chapel Hill had opened in February 2017 and round 5 applications were now being submitted. The Board noted the recent progress of the Growing Enterprise Fund.

15.2 At the November Board meeting it had been agreed that £3m of GEF would be 'ringfenced' to support a prospective inward investor. The funding had been 'ringfenced' until the end of March 2017, however a request had been received to extend the period for a further 12 months to enable the company to access the loan, should they locate in the Enterprise M3 area. The cashflow forecast showed that it was expected that there would be sufficient funds to support the request, although it could impact on the ability to support a significant number of new projects that could come forward in the coming months. The Programme Management Group discussed the request and was of the view that 12 months was too long and proposed that a 6 month extension should be sufficient. The Group also requested that some guidelines were produced so any similar requests in future could be considered in a consistent manner.

15.3 An application had been received from an off-site manufacturing company to establish a significant facility in the Enterprise M3 area and they were seeking £2m towards capital equipment. The applicant requested that, as the Expression of Interest contained confidential information, it was not circulated widely. The Expression of Interest had been shared with a sub-group of the Board to agree whether the application should proceed to due diligence. The Programme Management Group agreed to recommend to Board to proceed to due diligence. The full report would be shared with the Board before any final decision was made on the project. The Board agreed for light touch due diligence to be carried out.

Action to be taken	By Whom	When
Progress the confidential Expression of Interest for light touch due diligence	Rachel Barker	30 April 2017

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 Chair thanked Malcolm Parry for his valuable contribution to the Board and wished him well for the future, which would include continued involvement with the LEP.

19.2 The future Enterprise M3 Board meetings would be held on

- Thursday 25 May, 2107 – Brooklands College, Weybridge Campus
- Thursday 27 July, 2017 – Ramboll, Woodlands, Southampton
- Thursday 28 September, 2017 – venue TBC
- Thursday 30 November, 2017 – Sparsholt College, Winchester
- Thursday 25 January, 2018 – venue TBC
- Thursday 29 March, 2018 – University Centre Farnborough