



Driving prosperity in the M3 corridor

**Enterprise M3 Board Meeting**

**30 November 2017 - 1.30-5.00pm**

**The Gilbert White Suite, Sparsholt College, Winchester, Hampshire, SO21 2NF**

**MINUTES**

**Board in Attendance**

Mike Short - Chair  
Dave Axam  
Simon Browne  
Linda Cheung  
Ferris Cowper  
James Cretney  
Nick Elphick  
Paul Hogg  
Tim Jackson  
Keith Mans  
Clive Sanders

**Guests in Attendance**

Ravneet Virdi  
Adina Gillespie  
Steve Broome  
Claire Chidley  
Julie Baldry Currens

**Apologies**

John Furey  
Jason Gaskell  
Andrew Lambert  
Julia Potts  
Paul Spooner  
Chris Tinker

**EM3 Team in Attendance**

Kathy Slack  
Rachel Barker  
Chris Quintana  
Kevin Travers  
Justine Davie

**1. Welcome from Sparsholt College**

- 1.1 Tim Jackson, Principal at Sparsholt College welcomed the Board members and provided some information on the courses at the college and plans for the future. Sparsholt was a land and environmental specialist college. There were a large number of apprenticeship places at Sparsholt currently forecast to reach 1,600 by the end of the year. The University Centre Sparsholt, Sparsholt College and Andover College currently enrolled approximately 450 full time students from a wide catchment area. Sparsholt operated a large applied research and knowledge exchange prospectus and it was the first big data centre of excellence for the whole agrifood industry. Near to market trials were currently being carried out by students to provide test results for companies.
- 1.2 Sparsholt was in a stable financial position operating nearly £30m turnover. Capital investment had been made in the new Andover Technology and Skills Centre which had also received financial support from the Local Growth Fund (LGF). The Risual Hub had also received LGF support to provide a digital hub for people working in rural industries. Work was also continuing with Ecotricity to move ahead with the Hampshire Centre for the Demonstration of Environmental Technologies.
- 1.3 The future for Sparsholt would be more focussed on virtual learning and expressions of interest had been submitted for an Institute of Technology. The biggest challenge was to inspire students to achieve the necessary levels of English and Maths qualifications. Practical applications of English and Maths had proven to help students to achieve better results.

**2. Welcome and Introductions**

- 2.1 Mike Short welcomed everyone to the meeting, in particular Ravneet Virdi who had recently been appointed as new area lead for Enterprise M3 in the BEIS South Central Team.

**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:

- Mike Short and Nick Elphick left the room during the decision making on the Governance item.
- Ferris Cowper, Keith Mans and Clive Sanders left the room during the decision making on the Design and Advancement Fund item.
- Rachel Barker, Justine Davie, Chris Quintana and Kevin Travers left the room during the discussion on the Enterprise M3 Organisational Review item.

#### 5. **Enterprise M3 Governance**

5.1 The Board was advised that Mike Short had been appointed as the Chief Scientific Adviser to the Department for International Trade and therefore as part of the Civil Service was no longer eligible to remain as Chairman of the LEP as this required a private sector Board member appointment. It had been proposed that Mike Short could remain as the Chairman until March 2018 to enable a smooth transition. The Board was asked to consider if they wished to co-opt Mike Short to the Board as a public sector Board member for the remainder of his term and for him to remain as Chairman until March 2018.

5.2 It was proposed that all vacancies for 2018 were recruited at the same time and that the new Chairman was appointed as part of the process. The tender for the recruitment process would be sent out the following day and it was hoped that a suitable organisation would be appointed before Christmas to carry out the recruitment process. The advert for the Board member vacancies and Chairman position would be advertised in January 2018. A further discussion on the Chairman position would be held at the January Board meeting.

5.3 It was proposed and agreed by the Board that the term of office for Nick Elphick should be extended until 31 May 2018. It was also proposed and agreed for him to represent the Board on the Programme Management Group and the Enterprise Zone Steering Group during the remainder of his term. The Board noted the appointment of Clive Sanders as the Chair of the Resources, Finance and Audit Committee. Nick Elphick left the room during the decision making.

5.4 The Board discussed the appointment of private sector Board members and the appointment of a Chairman. The issue of remuneration was discussed and what was a suitable amount to attract the right calibre of candidate. The Board was of the view that money was not likely to be a major incentive although it was important that there was the flexibility to offer remuneration even if it was not taken.

5.5 The Board agreed for Mike Short to remain as Chairman until March 2018 and for him to remain on the Board as a public sector member for the remainder of his term. An additional private sector Board member position would be created to ensure a balance of private and public sector. It was suggested that the trade associations be contacted to try to attract suitable candidates. A paper would be submitted to the January Board meeting setting out the proposals. Mike Short left the room during the decision making.

5.6 Five applications had been received for the two business representation Board vacancies and interviews were being carried out by Kathy Slack and Mike Short. It was hoped that an announcement on the successful candidates would be made before Christmas.

5.7 The Board received a proposed Travel and Subsistence Policy which set out the expenses that Board members could claim and how much could be claimed. It was suggested that the

wording was revised to read car mileage could be claimed at the public sector rate rather than specifying the amount. The Board agreed the Travel and Subsistence Policy.

- 5.8 Kathy Slack advised the Board on the Mary Ney review of LEPs which had been published in October 2017. The aim of the report was to provide sufficient assurance that LEPs were fully implementing existing requirements for appropriate governance and transparency. The report had been considered and it was the view that Enterprise M3 was already delivering against many of the recommendations of the report. Government had advised that a detailed note on the recommendations and requirements for LEPs would be published at the end of November. A short summary of how Enterprise M3 was delivering against the recommendations was circulated to the Board.
- 5.9 The annual conversation had taken place with Government which had been attended by Dave Axam, James Cretney, Mike Short, Kathy Slack and Rachel Barker. The process was very thorough although there had been minimal actions arising from the conversation. Feedback from Government was that those present conveyed enthusiasm and had a good depth of knowledge. The way Board members took the lead on particular areas of work was particularly well received. It was expected that Enterprise M3 would receive a good report from Government.
- 5.10 The Board was provided with a briefing on the Industrial Strategy White Paper which summarised the key points. The White Paper identified five foundations of growth and described a set of headline policy interventions. It also highlighted four ‘Grand Challenges’ which were areas where the UK had the potential to lead the global technological revolution. Although local industrial strategies were not bidding documents there was a sense that there would be a strong ‘deal based’ approach. The Prime Minister would chair a biannual ‘Council of Local Enterprise Partnership Chairs’ which would provide an opportunity for LEP leaders to inform national policy decisions. It was the view that there would be a requirement for all LEPs to become incorporated in future although the timescale for this was not clear.
- 5.11 Many of the themes in the White Paper had already been identified and were being taken forward through the work to update the Enterprise M3 Strategic Economic Plan (SEP). The SEP would now be branded as a Local Industrial Strategy and there could be an opportunity for Enterprise M3 to act as a ‘trailblazer’ as the process was well advanced. The Board discussed the Industrial Strategy White Paper and noted the synergy with the work to update the SEP.

Action to be taken	By Whom	When
Assurance Framework to be updated to provide an additional public and private sector Board member	Rachel Barker	January 2018
Extend the term of office for Nick Elphick until 31 May 2018	Rachel Barker	December 2017

## 6. Design Advancement and Future Scheme Development Funds

- 6.1 Kevin Travers, Transport Programme Manager, reported on the applications received for revenue funding to support scheme design and development. A total of six submissions had been received for the Design Advancement Fund (DAF) which sought £970k with a match fund of £1.11m. The bids submitted were:
- Aldershot Games Hub – Rushmoor Borough Council – LGF £1.2m – a request for £20k with a match fund of £10k to develop two pilot options for Games Hub in the centre of Aldershot town centre to inform the submission of a full business case in January.

- Basingstoke South-West Corridor – Hampshire County Council – LGF £13m – a request for £300k with a match fund of £450k to support work on feasibility for the corridor and for the building of a microsimulation model for the town centre to increase the understanding of movement patterns in the area.
- Farnborough Growth Package – Hampshire County Council – LGF £6.7m – a request for £250k with a match fund of £350k to support work on ongoing feasibility for a large major scheme to help improve the transport infrastructure in Farnborough.
- Sustainable Movement Corridors West – Guildford Borough Council – LGF £2.725k – a request for £75k with a match fund of £25k to provide resources to progress the western section of the corridor to enable the work on the other projects to continue at the normal pace and avoid delays.
- Whitehill & Bordon Sustainable Transport Package – Hampshire County Council – LGF £3.14m – a request for £250k with a match fund of £250k to fund additional staff expertise to coordinate work needed to refine and enhance scheme development and design of the sustainable transport package and the A325 integration works.
- Woking Sustainable Transport Package – Surrey County Council – LGF £3m – a request for £75k with a match fund of £25K to carry out advance design ahead of the business case being submitted and considered for funding which would allow construction work to begin 18 months ahead of where currently programmed.

6.2 Following assessment, each of the schemes scored well and it was considered that they were all good proposals and each offered benefits to the programme. In some cases there were also further benefits related to potential future bids and they supported other elements of the LEPs programme. The key benefit was that all schemes provided a commitment to payback all of the funding over 3-years with nearly 90% paid back in 2-years. PMG discussed the proposed schemes and recommended that each of the schemes were supported in full with a timeframe in which the business case for the scheme would need to be submitted. The Board approved the allocation of £970,000 for all of the schemes submitted for DAF. Ferris Cowper, Keith Mans and Clive Sanders left the room during the decision making.

6.3 For the Future Scheme Development Fund (SDF) three submission had been received which sought £1.135m with a match fund of £629k. All of the submissions were put forward by Surrey County Council and related to recent HIF bid proposals. The bids submitted were:

- A31 Farnham – a request for £90k with a match fund of £67k to develop a series of infrastructure improvements to provide capacity improvements on the section of the A31 that passed through Farnham to mitigate existing delay, congestion and pollution and to enable additional housing growth. This was the 4th priority scheme in the HIF bids submitted by Surrey County Council.
- A320 Woking Town Centre – a request for £805k with a match fund of £482k to deliver project ready schemes that could attract infrastructure funding to deliver further growth in Woking and the wider area. This was the top priority in the HIF bids submitted by Surrey County Council.
- A320 North of Woking – a request of £240k with a match fund of £80k to progress a highway capacity and improvement project for a key principal A road corridor linking Woking and Chertsey and serving Junction 11 of the M25 to meet unmet housing needs in the area. This was the 2nd priority scheme in the HIF bids submitted by Surrey County Council.

- 6.4 All three SDF submission related to HIF expressions of interest and were not well developed but offered great potential to deliver significant housing growth in the area. There was an inherent risk in supporting these projects as there was no guarantee that funding would be secured. Although all three submissions were considered to be good the A320 Woking Town Centre proposal was the best developed and deliverable and although focussed on housing also offered strong support to commercial growth. If the scheme was successful with the HIF bid the SDF would be a conditional loan which would be repaid in full.
- 6.5 PMG discussed the scheme and recommended that the Board approved the A320 Woking Town Centre bid but due to the amount of funding requested it was suggested that the £523k was confirmed for 2017/18 and was reviewed once there was an announcement on the HIF priorities. The Board discussed the proposal and it was suggested that a holistic review was carried out for future SDF schemes. The Board approved the allocation of £523,000 for the A320 Woking Town Centre HIF proposal.

Action to be taken	By Whom	When
Progress the Design Advancement Fund schemes to contract	Kevin Travers	December 2017
Progress the A320 Woking Town Centre Future Scheme Development Fund scheme to contract	Kevin Travers	December 2017

## 7. Enterprise M3 Fund Management

- 7.1 Rachel Barker advised the Board on the draft fund specification for the Enterprise M3 Fund Management Service. It was proposed that the service would operate from June 2018 for a period of 10 years (with break clauses at 3, 5 and 7 years) to achieve value for money and continuity of financial provision. The total value of the fund was proposed at £10m, covering £8.55m for business investment and a value of the contract to the provider of £1.45m over 10 years, this was in line with the industry norms and was commercially viable for the provider. The service would comprise three financial products: a debt/loan fund; an equity fund; and, a new short-term trade finance fund. These would be split on a 60:30:10 funding ratio basis initially although this would remain flexible to respond to changing market conditions. The funding would come from the proposed Enterprise M3 single capital pot being established.
- 7.2 The funding would operate on a revolving basis with the available funding being re-invested as it was repaid, therefore allowing for a greater volume of funds to be made available to more businesses on a longer term basis. The funds would be targeted at SMEs, comprising start-ups, scale ups and established technology businesses in the broadest sense. Businesses in the Enterprise M3 key and niche sectors would also be of importance. Investment from the fund should be for business expansion activities that would deliver significant economic impacts. The business borrower must meet certain criteria to qualify for the loan/equity fund. PMG supported the draft fund specification and level of funding and recommended to Board to approve.
- 7.3 The Board discussed the proposal and it was suggested that 10-years was a long period and that rather than having break clauses at 3, 5 and 7 years the contract should be on a 5 + 3 + 2 basis. This would be discussed with the Accountable Body and reported back to the Board. The Board agreed the draft fund specification and level of funding.

Action to be taken	By Whom	When
Discuss changes to the Fund Management Service contract with the Accountable Body to include a 5 + 3 + 2 year basis rather than having break clauses and report outcome to the Board	Rachel Barker	20 December 2017

## 8. Local Growth Fund project – Blackwater Valley Gold Grid – Camberley Public Realm

- 8.1 Kevin Travers reported on the Blackwater Valley Gold Grid Camberley Public Realm project which sought £3.5m of LGF funding with an overall project cost of £4.4m. The balance of £900k would be coming from a contribution from Surrey Heath Borough Council. The scheme sought £300k LGF in 2017/18, £2.05m in 2018/19 and £1.15m in 2019/20.
- 8.2 The scheme was an integral part of the wider Blackwater Valley Gold Grid Package. The public realm improvements in the centre of Camberley aimed to enhance accessibility, viability, improve the visitor and resident experience of place, integrate transport modes and give pedestrians more space and priority in the town centre. The scheme also linked closely with the A30/A331 Meadows Gyratory Scheme and the Camberley Town Centre Highways Improvements. Taken together the schemes sought to support economic growth by improving inadequate highways infrastructure in the Blackwater Valley with significant investment in public realm, walking, cycling and facilities for bus users to provide a realistic alternative to the car for local and shorter journeys.
- 8.3 AECOM had reviewed the business case and considered, on the basis of the evidence presented, that the scheme represented good value for money and recommended that the LEP considered funding the scheme. A number of areas of clarification had been sought by AECOM the majority of which had been addressed satisfactorily. A few minor issues were highlighted in the draft final report, none of which were considered serious issues. AECOM commented that whilst the scheme had been prepared as a standalone document the overarching strategic case for the Blackwater Gold Grid Improvements Package was outstanding. AECOM had recommended that payment milestones were implemented in line with key dates outlined throughout the project.
- 8.4 PMG discussed the scheme and highlighted some areas which required further clarification which had since been addressed by Surrey Heath Borough Council. PMG recommended to the Board to approve the £3.5m LGF funding for the Blackwater Valley Gold Grid – Camberley Public Realm scheme.
- 8.5 The Board discussed the scheme and there was some concern expressed regarding the dilution of match funding. It was proposed that a track of match funding would be presented to a future PMG meeting to consider. The Board agreed to allocate £3.5m LGF for the Blackwater Valley Gold Grid - Camberley Public Realm scheme.

Action to be taken	By Whom	When
Provide a track of match funding for projects to the January 2018 PMG	Rachel Barker	11 January 2018
Progress the Blackwater Valley Gold Grid – Camberley Public Realm scheme to contract	Kevin Travers	December 2017

## 9. Government Plans and Reflections on Budget Outcomes

- 9.1 Ravneet Viridi highlighted some key messages from the budget outcomes relevant to the LEP and other areas of interest. The Government repeated its commitment to working with LEPs and local businesses to increase productivity and growth. The Local Industrial Strategy was required to be in place by March 2019 and would be expected to prioritise areas to drive economic growth. The announcement on LEP core funding was expected to be made before Christmas. The Housing Infrastructure Fund Marginal Viability Fund projects were expected to be taken to Cabinet and the Forward Funding projects announced in January. The National Audit Office had published its report on two LEPs and although Enterprise M3 was not identified as suffering with any issues the Government was now pushing for greater consistency across LEPs.

## 10. Update on Space Cluster Sector Deal Work

- 10.1 Adina Gillespie from SSTL and Steve Broome from the University of Surrey advised the Board on the space cluster sector deal work. The Industrial Strategy included opportunities for partnership working in the form of sector deals. The space perspective fitted into all of the categories in the Industrial Strategy foundations of productivity. There was a lot of activity in the space sector in other areas in the UK and Enterprise M3 was well placed to be one of the leading areas for space innovation. The UK Space Agency had conducted an analysis of the space sector which indicated that Enterprise M3 had the third highest number of space organisations within the UK and the fourth highest level of employment in the space sector. The work on the space sector deal would look at opportunities to join up some of the work already being carried out. The vision was for a state of the art facility for satellite and services.
- 10.2 A Space Cluster Steering Group had been established and the profile of the region was being raised. It was proposed that a draft brochure would be issued in December 2017, a meeting of senior executives and senior officials held in January 2018 and a regional event to build additional momentum in February 2018. The LEP was requested to highlight space as a priority

## 11. Enterprise M3 Organisational Review

- 11.1 Kathy Slack provided some background information on the organisational review which had been commissioned as a result of the changing role of the LEP, the scale of funds and the enhanced role of LEPs within the Industrial Strategy. Claire Chigley and Julie Baldrey Currens from Create Tomorrow Today summarised the key findings which had emerged from the study. Feedback had been very positive around the LEPs collaborative approach but people interviewed, including Board members, recognised the need to enhance senior level resource and the strategic capability of the organisation.
- 11.2 Further work was being carried out which would look at the future structure and costs of a revised organisation and a paper would be brought to the next Board meeting for approval. The Resources, Finance and Audit Committee would be considering the report at their meeting on 11 December.

Action to be taken	By Whom	When
Paper setting out proposals and resource requirements for the EM3 organisation to be brought to the January Board meeting	Kathy Slack	25 January 2018

## 12. Local Growth Fund Programme Update

- 12.1 Rachel Barker updated the Board on the LGF programme. The total spend for 2015-18 was currently forecast at £113m which was £8.8m under the available allocation over the three years. The current forecast showed that an underspend was likely against the 2017/18 allocation and it was highly unlikely that all of the funding available over the 2015-18 period would be distributed. The forecast showed that 96% of the available funding for 2017/18 would be distributed which included the additional £16.6m awarded by Government in March 2017. Government had accepted that there would be some level of carry-forward given the late notice of the additional funding.
- 12.2 Expenditure figures to date remained low but had yet to include the claims for the transport projects for activity between July and September. The Design Advancement Fund proposed would help scheme promoters accelerate scheme development and provide more control over the timing of the receipt of full business cases in future years as well as provide an opportunity to bring projects forward. The forecasts presented to the Group were £400k less

than had been presented in September 2017 and there was also £2m of expenditure at risk. The key components of the £2m at risk expenditure was the EZ<sup>3</sup> programme, Farnborough Growth Package, Aldershot Railway Station and Aldershot Games Hub.

- 12.3 The Wood Processing Grant programme had not been able to draw down funds as originally forecast due to the slow uptake of the programme. Only £136k of the £2m had been spent to date. Given the low take up and in line with the contract it was proposed that the LGF funding for the project ceased from 31 March 2018 and the funding reallocated for other projects in later years. PMG endorsed the approach although proposed that demand should be kept under review and if the market improved in future years the project could be reconsidered. The Board agreed that the Wood Processing Grant project should not continue beyond 31 March 2018.
- 12.4 The Board received the outputs dashboard and was advised that work was ongoing to review outputs data for the longer term.
- 12.5 The Board discussed the LGF programme and commented on the lack of new skills projects. It was suggested that an action plan was required to identify the interventions needed to help develop some good skills projects. The Skills Advisory Panel was being established which would consider skills shortages and business needs and identify where money should be invested in future.

Action to be taken	By Whom	When
Advise Surrey County Council that the Wood Processing Grant project would cease from 31 March 2018	Chris Quintana	December 2017

### 13. Directors Report

- 13.1 The Board received a report from the Director which provided an update on the current Enterprise M3 work. Particular highlights included: the LEP had recently signed an accord with neighbouring LEPs and local authorities through the continuing membership of the Heathrow Strategic Planning Group; the procurement of the CRM system by HCC was expected to be completed by the end of November; and, the LEP was working with Basingstoke Consortium regarding the delivery of the Careers and Enterprise programme and active discussions were being held with other organisations regarding taking over the role from 1 January 2018.

### 14. Joint Leaders Board Update

- 14.1 Cllr Clive Sanders advised the Board that at the Joint Leaders Board meeting on 16 November Hampshire County Council gave a presentation on the overall economic picture. The picture was quite encouraging although there were a number of caveats. The minutes of the Joint Leaders Board would be circulated to the Board in future.

Action to be taken	By Whom	When
Circulate JLB minutes to Board members	Justine Davie	December 2017

### 15. Farnborough International Exhibition and Conference Centre Events and Airshow Update

- 15.1 The Board received and noted the progress on contracted sales and business engagement for the Farnborough International Exhibition and Conference Centre.

**16. Enterprise M3 Business Plan Review**

16.1 The Board noted the ongoing progress against the Enterprise M3 Business Plan in 2017/18.

**17. Growing Enterprise Fund**

17.1 The Board received an update on the progress of the allocated funding for the Growing Enterprise Fund projects. The Board noted the recent progress.

**18. EU Programme Update**

18.1 The Board noted the progress on the EU Programme.

**19. Forward Programme**

19.1 The Board received and noted the Forward Programme.

**20. Any Other Business**

20.1 The future Enterprise M3 Board meetings would be held on

- Thursday 25 January, 2018 – The Square, Basing View, Basingstoke
- Thursday 29 March, 2018 – University Centre Farnborough
- Thursday 24 May, 2018 – Pirbright Institute, Woking
- Thursday 26 July, 2018 – Marwell Wildlife, Winchester
- Thursday 27 September, 2018 – RMA Sandhurst, Camberley
- Thursday 29 November, 2018 – Farnborough Exhibition and Conference Centre
- Thursday 31 January, 2019 – Venue TBC
- Thursday 28 March, 2019 – Venue TBC