

Enterprise M3 Programme Management Group

13 May 2021 - 1000-1230

Zoom Video Conference

DRAFT MINUTES

Members Attending

Deborah Allen - Chair
Dave Axa
Rob Carr
Cllr Joss Bigmore
Cllr Matt Furniss
Stacey King
Cllr Rob Humby
Paul Millin
Paul Shackley
Kathy Slack
Cllr Lucille Thompson

EM3 Team Attending

Rob Dunford
Stephen Martin
Lee Danson
Geoff Wells
Justine Davie

Apologies

Claire Burnett
Mike D'Alton

Guests Attending

Karen Hillen - CLGU

1. Welcome and Introductions

1.1 Debbie Allen welcomed everyone to the meeting.

2. Minutes of last meeting and matters arising

2.1 The minutes of the meetings held on 11 March 2021 were agreed.

2.2 Kathy Slack confirmed that the official communication on the Annual Performance Review had now been received from BEIS which confirmed that all three themes had been met which was the highest rating awarded this year.

3. Declaration of Interest

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

Name	Interest	Declared Action
Rob Humby and Paul Shackley	Farnborough International Loan	Left the room during the decision making

4. Gigabit EM3 Town and Rural

4.1 Rob Dunford provided an update on the progress made on the Gigabit EM3 Town and Rural project. The Sounding Board had met earlier in the week where they provided feedback and raised a number of questions which had all been taken on board for action.

4.2 The Group was reminded that the rationale for the intervention initially was to connect Basing View 5G Living Lab with 5GIC in Guildford. The opportunity for boosting economic activity by addressing the digital divide was also recognised, as feedback from local businesses highlighted that digital connectivity was unsatisfactory. The support for digital connectivity was also agreed as a priority action in the revive and renew plan.

4.3 The Group was advised that legal advice had been sought to establish whether the LEP had the relevant powers to establish and operate a company. The legal advice confirmed that the LEP had the powers and proposed an amendment to the Memorandum and Articles to provide

absolute clarity. The Group was also provided with information on the asset valuation which had been calculated based on an investor view of premises passed and premises connected. The figures provided were for illustrative purposes only but it was explained that the valuation was very conservative and was likely to increase rather than decrease when the final figures were agreed.

- 4.4 The Group was advised that the detailed work had been carried out to establish the final fibre route. The Capex costs had been calculated using industry standard costs. The final cost of the full project was estimated at £9.981m. The Business Case also included information on the forecast revenue generation which had been based on 50% of assumed demand in years 1-3 and 15% annual net volume growth to year 10 and 10% to year 20. Further work would be carried out to provide scenarios with different demand and net volume growth rates. Work was also underway to explore options to fill the funding gap which would be reported to PMG in July to recommend to the Board for the final decision.
- 4.5 A timeline had been created assuming that the Board approves the project at its July meeting. There had been a significant amount of transition planning which would enable the company to be set up in August and immediately start contracting with suppliers.
- 4.6 The Group discussed the Gigabit EM3 Town and Rural project. There were some concerns expressed regarding the funding gap and how that was going to be met which had also been raised at the Sounding Board. The Group was assured that work was underway to look at funding options and a comprehensive package of options would be reported to PMG in July to enable a recommendation to be made to the Board. It was proposed that the Board should be provided with some information in advance of the Board meeting to enable them to make an informed decision.

Action to be taken	By Whom	When
Share legal advice with Board members once finalised and signed off	Rob Dunford	June 2021
Circulate presentation slides to PMG members	Justine Davie	June 2021

5. Farnborough International Loan

- 5.1 The Group received a confidential report on changes to the timeline for repayment of the Farnborough International loan. Due to the pandemic and the cancellation of the Farnborough Airshow in 2020 Farnborough International had suffered financially. The repayment plan had been reprofiled moving the repayments back by 2 years, working on the assumption that the Airshow would go ahead in 2022. All lending partners would need to agree to the new agreement which had been drafted by the solicitors for the senior lender. All junior lenders were required to give approval of the new lending agreement by 14 May.
- 5.2 The group discussed the confidential report and agreed to approve the reprofiled repayment plan and revised timeline.

6. Update on the LEP Review and Possible Impact on Future Funding

- 6.1 Kathy Slack gave a presentation on the LEP Review. The LEP Review was focussed on evolving the form, function and geographies of LEPs and how they could best support productivity, growth and businesses. The Board and team had been working on shaping the vision for Enterprise M3 LEP for some time and stakeholder engagement had been taking place with local authorities, the further education sector, universities and businesses.
- 6.2 Three key functions had been identified in the LEP Review, which Enterprise M3 LEP had already been working on.
 - Function 1 - To provide place-based economic expertise and insight to central and local government
 - Function 2 - To identify key local sectors and industries, and to design and deliver interventions to make them more competitive, making the most of local opportunities

- Function 3 - To deliver a programme of joined-up, expert and tailored business advice and support for local businesses

6.3 Once the LEP Review had concluded work would start on refining the vision and developing a plan. The outcome from the Comprehensive Spending Review would also be key to the work on shaping the organisation. There would be far less capital funding available in future, therefore it was important that the funding that was available was used to support the priorities in the revive and renew action plan. A piece of work was being carried out to identify options for income generation and some good progress had been made, in particular on opportunities for charging for services and working jointly with others. Initial discussions would take place with potential customers to identify services that might be of interest. The Group noted the work being carried out on the LEP Review and the future vision work.

7. Capital Programme Update

7.1 The Group received an update on progress with delivering the capital programme. Although the funding period for LGF ended on 31 March 2021 there were still a number of projects to be completed. Projects were being supported from loan repayments and spend was not constrained by the 31 March deadline. Work on monitoring, capturing outputs and ensuring projects were delivered was also still ongoing. A complete list of those projects in the capital programme portfolio would be provided at the meeting in July.

7.2 The year-end position confirmed that the LGF allocation had been spent in full, in part by using freedoms and flexibilities. Performance against output KPIs had been better in some areas than expected with new homes and learning floorspace exceeding targets, and apprenticeships, jobs and commercial floorspace only falling slightly short of targets. Work on the new Enterprise M3 Delivery Plan was well underway and would include the targets for 2021/22, the draft version would be reported to the May Board meeting. Outputs would continue to be monitored until 2025. Work was underway to scope the next phase of evaluation of the LGF.

7.3 The funding available to support new projects was £25.6m which included loan repayments already received plus those expected in 2021/22. Of that £25.6m, £22.9m was contractually committed and £2.5m was subject to contract which left just £200k funding not yet committed. The current pipeline of projects would need to be reviewed by PMG to agree how funding was prioritised when additional funds were available in future.

7.4 The capital programme risk register was circulated which showed the biggest risk as Gigabit EM3 Town and Rural, it was hoped that the project would be approved by the Board in July, however a contingency was being worked on in case the Board decided not to support the project. Vaultex Park and Ride was identified on the risk register (see item 8 below); regular meetings were being held with the project lead to monitor delivery progress. The risk level had increased for the Guildford Sustainable Movement Corridor project as there were some ongoing delays; discussions were taking place with Surrey County Council and Guildford Borough Council, with a review point at the end of May to agree whether to proceed with funding the project. A new risk had been added relating to the workspace pilot project to test innovative approaches to provide flexible workspace; contracting was delayed for one pilot project as the site for development had not yet been selected. The Future Town Centre Demonstrator had also been added as a new risk as there had been a delay in finalising the agreement for the second phase but it was expected that this would be resolved shortly.

Action to be taken	By Whom	When
Provide a complete list of the projects in the capital programme portfolio	Lee Danson	15 July 2021

8. Getting Building Fund Programme

8.1 The Group received an update on the Getting Building Fund projects. All projects were contractually committed with the exception of Gigabit EM3 Town and Rural, and there had

been good progress made on the delivery of some projects. The Digital Skills project had been largely completed and had delivered substantial benefits to the learners at six colleges in the consortium. The Clean Growth projects had seen the majority of work delivered in the first year of the programme. The Waverley project had been removed from the Clean Growth programme due to a lack of match funding.

- 8.2 The Group was advised that Winchester City Council had reported a significant underspend in 2020/21 on the Vaultex Park and Ride project due to a major planning decision being delayed until April. The project had now received planning permission and a revised timetable had been provided. Discussions had taken place with Government on the implications of the underspend and options for mitigation. A change request had been submitted and was being considered by Government to move some projects from the capital programme to the Getting Building Fund programme which would ensure delivery and spend was met by March 2022. An update would be provided at the next PMG meeting.

Action to be taken	By Whom	When
Provide an update on changes to the Getting Building Fund programme	Lee Danson	15 July 2021

9. Successes of 2021/22

- 9.1 Lee Danson presented to the Group on the successes of 2020/21. In the last year, 23 new projects had been approved with a value of £22.4m. The full LGF allocation was utilised by the end of March with only a small fraction requiring the use of freedoms and flexibilities. The Getting Building Fund was launched in June with only 8 days to pull together a programme, with Enterprise M3 LEP being awarded £13.3m. Financial KPIs were all met and, despite the delays to many projects due to the pandemic, the new homes and learning floorspace output targets were exceeded, and the jobs, apprentices and commercial floorspace output targets were nearly met. There were a number of projects completed and approved in 2020/21 and an overview of some of these projects was shared with the Group.
- 9.2 Overall the capital programme to date had supported 6,555 jobs, 3,949 homes, 45,941m² of commercial floorspace, 32,624m² of learning floorspace and 2,320 apprentices. There were 130 projects and programmes in total which, with the match funding provided plus all Government funding together with loan repayments, represented an investment of £726m in the region. There was still work to be carried out to deliver the remaining projects funded from loan repayments and to conclude the Getting Building Fund programme. It was proposed that a snapshot of key messages be pulled together and shared with Board members which they could use to convey the successes of the LEP with their contacts.

Action to be taken	By Whom	When
Circulate presentation slides to PMG members	Justine Davie	June 2021
Share success information with the Board members	Lee Danson	27 May 2021
Compile a snapshot of key messages on success for Board members to share with MPs and other contacts	Lee Danson	June 2021

10. European Programme Update

- 10.1 The Group received and noted the update on the EU programme.

11. Forward Programme

- 11.1 The Group noted the current forward programme.

12. Any Other Business

- 12.1 The future Programme Management Group meetings would be held as follows:

- Thursday 15 July 2021 – 10am-1pm

- Thursday 16 September 2021 – 10am-1pm
- Thursday 11 November 2021 – 10am-1pm
- Thursday 13 January 2022 – 10am-1pm
- Thursday 17 March 2022 – 10am-1pm

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