

Enterprise M3 Programme Management Group

15 July 2021 - 1000-1130

Zoom Video Conference

DRAFT MINUTES

Members Attending

Deborah Allen - Chair
Dave Axam
Claire Burnett
Cllr Matt Furniss
Stacey King
Paul Millin
Paul Shackley
Kathy Slack
Cllr Lucille Thompson

EM3 Team Attending

Rob Dunford
Stephen Martin
Lee Danson
Geoff Wells
Justine Davie

Guests Attending

Karen Hillen - CLGU

Apologies

Cllr Joss Bigmore
Rob Carr
Mike D'Alton
Cllr Rob Humby

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 13 May 2021 were agreed.

3. Declaration of Interest

3.1 There were no further interests in addition to those declared previously.

4. LEP Update on Recent Developments

4.1 Kathy Slack provided an update on the recent Enterprise M3 AGM and launch of the Annual Report. There were nearly 200 attendees at the AGM which focussed on net zero. There had been some discussions on the format of the AGM next year and, as long as it was safe to do so, it was proposed that the AGM would be an in-person event. The Annual Report was published as an online interactive report, with links and graphics, and it was the intention to continue with this format in future.

4.2 The outline from Government on the LEP Review had not yet been received, which was now being referred to as LEP Reform. It was expected that the strategic policy would remain, with a focus on businesses and direct support through Growth Hubs. A letter from Government was expected before the Summer recess. The Comprehensive Spending Review was now expected in October rather than November when the funding envelope would hopefully be confirmed.

4.3 The Trade and Enterprise Team had been working closely with key sectors and a ministerial roundtable event was being held on 19 July with senior space industry representatives and the Minister for Science, Research and Innovation. An Airport Towns event was taking place at the same time as the Programme Management Group which had been organised by Catalyst South. The event was aimed at those towns that had been affected by the impact the pandemic had on the six major airports in the SE. There had been a substantial amount of work carried out gathering intelligence on the long-term impact on those businesses. The event would provide the opportunity to articulate the southern view to Government and was

being attended by representatives from the Treasury. Kevin Lloyd and Kevin Travers from Enterprise M3 had been actively working with the group and with Berkshire and Buckinghamshire LEPs and Surrey County Council on the regeneration of the wider area.

- 4.4 The Joint Leaders Board was taking place on 20 July and they would be considering nominations for the Enterprise M3 Board. Surrey County Council had advised that they would be nominating Natalie Bramhall to join the Board as their representative.
- 4.5 The Board was advised on the Partnerships for People and Place initiative which was published by Government inviting expressions of interest from local authorities. There were 34 councils across the country invited to complete an expression of interest and of those 34, 3 were in the South East (Buckinghamshire, East Sussex and Medway). There were a number of schemes coming forward and the LEP would need to support local authorities to help identify which schemes would be suitable. A letter was expected from the Government in the coming week regarding the Levelling Up agenda which would be followed up by a webinar. A copy of the letter would be shared with Kathy Slack.

5. Key Events – Year Ahead

- 5.1 Lee Danson provided an overview of the key events for the year ahead. The remaining projects in the Getting Building Fund needed to be completed by 31 March 2022 along with those projects in the capital programme forecast for delivery in 2021/22. The Gigabit EM3 Town and Rural project had one of the largest amounts of funding allocated so progressing this project was a priority. Work was required on reviewing how future funding would be prioritised and allocated.
- 5.2 It was expected that the role of the Programme Management Group (PMG) would change following the LEP Reform and as there would be smaller amounts of funding available to allocate to projects in future. A review of the role of PMG would be carried out to identify the future focus and work streams. An evaluation of Local Growth Fund projects that had completed would be commissioned. Monitoring of project performance would continue to be reported to Government, which would include the 2021 Annual Performance Review.
- 5.3 The Group received a timeline setting out when some of the priority tasks would be carried out. Over the Summer, work would take place on the guiding principles for allocating funds and be reported back to PMG in September. The review of PMG Terms of Reference would also be reported in September.
- 5.4 The Group was advised on the change request that had been submitted to Government for the Getting Building Fund. There were two projects at risk that might not go ahead but this would not affect the Getting Building Fund spend being achieved, as there had been a deliberate over allocation on spend.
- 5.5 The Group discussed the presentation and agreed that a review of the criteria for funding decisions was required now that there was less funding available. It was agreed that opportunities for joint working with partners should also be explored to maximise the impact of the funding available.

Action to be taken	By Whom	When
Report on proposed principles for the allocation of future funding to the September PMG meeting	Stephen Martin/ Lee Danson	15 September 2021
Review of PMG Terms of Reference to be brought to the September PMG meeting	Stephen Martin/ Lee Danson	15 September 2021

6. Gigabit EM3 Town and Rural

- 6.1 Rob Dunford updated the Group on the Gigabit EM3 Town and Rural project work which had been completed to date and the proposed next steps. The immediate time pressure for the project had now been removed, subject to the confirmation of the Getting Building Fund change request. However, there remained the need to work at pace, given the validity of the business case with specific reference to the route was time sensitive. Independent due

diligence work had been carried out by AECOM on the Business Case and detailed work had been carried out on the financial model and funding options. The detailed design and survey of the full route had been completed with the entire route physically walked and Special Engineering Difficulties mapped. An independent assessment had been carried out on the asset value using industry benchmarks. The legal advice received confirmed that the LEP had the powers to engage in and fund this activity. There had also been extensive engagement with stakeholders, including all local authorities included on the fibre spine route.

- 6.2 The Sounding Board supported the project and acknowledged it was aligned with the LEP's strategic objectives and it had been identified that there was a market failure which required public sector intervention. There had been £4.5m LEP funding allocated to fund the project, which had an estimated total cost of £10m. The Sounding Board view was that funding for the total cost of the project should be shared with other partners. The Sounding Board expressed concern on any delivery model which established a subsidiary company of the LEP. The concerns related to potential liabilities on directors and lack of experience in such ventures.
- 6.3 The Sounding Board had worked well to bring the project to its current position and it was proposed that PMG should carry out the governance on the project going forward. The Group agreed that there was no longer a need for the Sounding Board, and it was agreed that the two members on the Sounding Board that were not members of PMG, Daniel Ruiz and Michael Coughlin, would be invited to the future PMG meetings to take part in the discussion on the project.
- 6.4 The next stage was to explore a series of options for the delivery model and work on how to market test interest was being carried out with Hampshire County Council. There was a risk to the project if there was a significant delay due to the complexity of the delivery model, so it was the intention to come forward with a simple delivery model. The project team would carry out work at pace and continue to report back to the Group on progress.
- 6.5 The Group was generally more comfortable now that the time pressure had been removed and with the current direction of travel. There was still some concern about how long the work would take but it was recognised it was dependent on the selection of the preferred delivery model.

Action to be taken	By Whom	When
Invite Daniel Ruiz and Michael Coughlin to future meetings of PMG for the Gigabit EM3 Town and Rural project discussions	Justine Davie	16 Sept 2021

7. Capital Programme Update

- 7.1 Stephen Martin provided an update on the current position with the capital programme. There were currently only five projects left to be contracted, three that were in the final stages and two that were yet to commence the contracting process, Basingstoke Living Lab and Simpleworking Future Workspace. Reviews would be carried out on those projects to agree whether they would proceed. There was also the Gigabit EM3 Town and Rural project which had yet to be approved which had been reported on in the previous item.
- 7.2 The Group was advised that Phase 3 of the Guildford Sustainable Movement Corridor project was no longer going to be funded by the LEP as the necessary agreement with the University of Surrey had not been secured by the deadline of 31 May. The LEP would still continue to support phases 1 and 2. As a result the amount of unallocated funding had increased to £1.8m.
- 7.3 A change request for the Getting Building Fund (GBF) had been submitted to Government to provide some flexibility in meeting the spend of £13.3m by 31 March 2022. The Future Towns Mobility Demonstrator had moved into the GBF programme but there was a slight delay in confirming the remaining changes while data was being compiled for the additional KPI's that

were included in the GBF framework. It was hoped that the data would be available shortly enabling the remaining changes to be confirmed.

- 7.4 The Vaultex Park and Ride scheme had experienced delays relating to planning issues and was not able to spend by 31 March 2021. There had now been a challenge to the planning permission granted as part of the judicial review process. Winchester City Council were proceeding with the project and regular meetings were being held to monitor progress closely as it was important that the project delivered by 31 March 2022.
- 7.5 The capital funding position and forecast over 10 years was circulated to the Group. There was £1.8m currently available to allocate in 2021/22 and this would accumulate over 10 years to just under £25.7m. The additional funding was a combination of loan repayments and Business Rates Income Growth. The calculations had been made using prudent assumptions about when funding would be available. As stated previously, consideration of how to prioritise the allocation of the funding available was required. The team would carry out a review of the process used to identify, assess and support new projects and a draft set of principles would be brought to PMG in September for discussion.
- 7.6 The Group received a copy of the current capital programme risk register and there were currently no risks assessed as red. The biggest risks were Gigabit EM3 Town and Rural and Vaultex Park and Ride, however there were mitigations in place for both projects. There had been some delays experienced by the Farnborough Growth Package project and meetings were being held to clarify the detail.

8. **European Programme Update**

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

9. **Forward Programme**

- 9.1 The Group noted the current forward programme. A review would be carried out on the PMG Terms of Reference and the decisions required to be taken in future.

10. **Any Other Business**

- 10.1 Debbie Allen advised the Group that this was Dave Axam's last PMG meeting and thanked him, on behalf of the Group, for the contribution he had made to the discussions and decisions at PMG which had been invaluable.
- 10.2 The future Programme Management Group meetings would be held as follows:
- Thursday 16 September 2021 – 10am-1pm
 - Thursday 11 November 2021 – 10am-1pm
 - Thursday 13 January 2022 – 10am-1pm
 - Thursday 17 March 2022 – 10am-1pm