

Enterprise M3 Programme Management Group

17 March 2022 - 1130-1330

Zoom Video Conference

DRAFT MINUTES

Members Attending

Deborah Allen - Chair
Cllr Joss Bigmore
Claire Burnett
Mike D'Alton
Cllr Matt Furniss
Anne Hibbert
Stacey King
Paul Millin
Michael Queen
Paul Shackley
Kathy Slack
Cllr Lucille Thompson

EM3 Team Attending

Kevin Lloyd
Stephen Martin
Geoff Wells
Justine Davie

Apologies

Cllr Rob Humby

Guests Attending

Karen Hillen – CLGU
Michael Coughlin – Surrey County Council
Daniel Ruiz – EM3 Board Member

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 meeting held on 13 January 2022 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 advised the Group that the letter regarding LEP future funding had not yet been received. The Levelling Up White Paper (LUWP) had been published in February which confirmed that LEPs would play a key role in supporting the levelling up agenda. There was recognition that it was important to retain the key strengths of LEPs to support private sector partnerships and economic clusters, and for LEP services and business voice to better integrate into the Government's devolution plans. Sector work was important and would continue with a focus to deliver priority functions including helping business recovery, supporting business to grow and keeping an eye on the impact of the Ukraine conflict. The work of the Careers and Enterprise Team working with businesses, schools and colleges, and Enterprise M3's work with the Department for Education and Department for International Trade were also acknowledged.
- 4.2 There was an expectation that LEPs would play a role in supporting places as they transition through devolution. In circumstances where there was no current county deal or Mayoral Combined Authority, LEPs would remain in their current form, but there was no information available regarding funding. Hampshire County Council and Surrey County Council were keen to secure county deals.
- 4.3 The Group discussed the update on the Government plans and the information contained in the LUWP. There was a view that there was unlikely to be agreement on further county deals for quite some time.

- 4.4 The announcement for the UK Shared Prosperity Fund (UKSPF) was expected to be made as part of the Spring statement on 23 March 2022. For two-tier authority areas the UKSPF would be allocated to districts and boroughs and they would be required to develop an investment plan. Enterprise M3 LEP met recently with local authority Chief Executives and had offered assistance with investment plans and discussing the potential for collaborative or partnership projects. Meetings would be arranged with those local authorities interested in exploring options for ways to maximise the impact of UKSPF allocations.

Action to be taken	By Whom	When
Set up meetings with local authority Chief Executives to discuss UKSPF and how EM3 could support	Stephen Martin	April 2022

5. Capital Programme Update

- 5.1 Geoff Wells provided an update on the current position with the capital programme. Basing View 5G Living Lab was in the final stages of being contracted which would take the contractually committed value of the projects in the GBF portfolio over the full allocation of £13.5m, with the remainder being funded through loan repayments. The outputs for 2021-22 were largely met and it was expected that all targets would be met or exceeded by Q4, with the exception of CO2 savings. The CO2 savings appeared low as a quarter of the target was attached to the Vaultex project, which was not due to complete until Q4, and a large proportion was attributed to the Gigabit project. The outputs would still be delivered but not by March 2022. All projects on the risk register were now RAG rated as green.
- 5.2 The Annual Performance Review (APR) was conducted on 9 February. The score system awarded for the APR was either “met” or “concerns identified” on governance, delivery and strategic impact. The Government had been provided with a forecast to show that the full spend of the GBF allocation would be achieved by the end of March. The outcome of the APR was due in early April and a rating of “met” was expected in all 3 areas. Positive comments were received from Government which reflected a superb team effort in maintaining Enterprise M3’s excellent performance during an uncertain period.

6. Covid 19 Fund

- 6.1 Stephen Martin reported on proposals for the future use of Covid 19 revenue funding. In 2017/18, Hampshire County Council, as the Accountable Body, converted £3m of capital funding into revenue to support scheme development, design advancement, skills and career improvement and business support. In May 2020, the remaining fund was allocated to directly addressing the impact of covid and subsequent recovery, including intelligence activity, economic analysis activity and additional programme support.
- 6.2 PMG was asked to agree for the remaining funding of £600k to be used to support the development of projects, with partners, that were aligned to the future vision of the LEP and emerging county deals. The funding could be used for project development as part of the future capital fund engagement or developing UKSPF projects. Other options included business support pilot programmes, increasing the reach of support to businesses, or supporting the transitional period as the LEP moves forward to a new future model.
- 6.3 The Group agreed to put the remaining funding of £600k into a new revenue fund for 2022/23 and agreed the revised focus for the fund as set out in the report.

7. Future Capital Fund

- 7.1 Stephen Martin reported on the work carried out to develop a proposition for the future use of capital funds. There would be £5.5m available for reinvestment from April 2022 from those projects paying back loans. On average there would be £3m available each year for the next 10 years for capital projects. The LEP would have the freedom to set policy directives for the fund, set criteria and agree any time constraints.
- 7.2 There had been some consultation with partners to seek views on where the LEP should focus future funds. As there was a lower level of funding available than in previous years the process would need to be much more selective. The approach adopted would be required to provide

confidence that decisions made were objective and ensure that the investment would provide excellent value for money. Therefore, the bar should be set high on match funding, private or public, and there should be a strong preference for projects that could be supported through loans or investment, to make the fund sustainable. Grants would not be ruled out but would only be considered in exceptional circumstances.

- 7.3 It was proposed that the fund would be launched with a series of conversations with partners to shape ideas. The four themes proposed for the focus of the fund were net zero, digital connectivity, innovation, and green and digital skills, and projects put forward should address at least one of these to progress. As there were no time constraints on funding it was not envisaged that there would be a deadline for proposals to be submitted. Discussions would start with partners in the new financial year and business cases developed accordingly. The Group was asked to endorse this approach to take to the Board for agreement in April.
- 7.4 The Group discussed the proposed approach and agreed that it was important that the funding was invested in the right projects. Opportunities should be explored to invest in projects that were cross cutting and would benefit a wide area. The need to leverage money from other partners, particularly the private sector, should also be one of the key criteria. Opportunities to align with other funding streams should also be explored. The Group agreed to recommend to the Board to approve the aims and objectives for the future capital fund and the approach to its management as set out in the report.

Action to be taken	By Whom	When
Report to Board on the use of the Future Capital Fund and recommend approval of the approach	Lee Danson/ Stephen Martin	7 April 2022

Kevin Lloyd, Michael Coughlin and Daniel Ruiz joined the meeting for this item.

8. Gigabit EM3 Town and Rural

- 8.1 Kevin Lloyd updated the Group on the progress of the Gigabit EM3 Town and Rural project. The Building Digital UK (BDUK) open market review results for the Hampshire area had been published and supported the analysis on the under-served areas around the proposed route of the spine. [Since the meeting the results of the equivalent review for the Surrey area have also been released]. However, the release of this tranche of results reinforced the importance of moving at pace as digital connectivity is a highly dynamic market and, following the release of the survey results, activity related to the government’s Project Gigabit – to connect premises to gigabit capable services - will ramp up. BDUK had been advised of the LEP’s plan for new spine infrastructure but it is now very important to make good on it as ISPs and others consider their plans to connect premises.
- 8.2 A full draft of the specification for the project would be available for the Accountable Body to provide to the specialist external legal advisers who had been appointed to consider the best procurement route for the project. The project team remained firmly of the view that the procurement route had to allow for a negotiation with a preferred supplier. In the view of the project team, a neutral vendor framework offered most of the characteristics that were needed for a prompt and effective procurement. However, the Accountable Body has some concerns about the use of a framework. Discussions with the external legal advisors would be focused on finding a solution to these issues.
- 8.3 It was agreed that PMG might well need to contribute to the next stages outside the formal meeting timetable. The project team were, for example, keen to take views from PMG members on value for money for this project and would consider further how best to do so.

9. Any Other Business

- 9.1 Kathy Slack advised the Group that she would be retiring at the end of June and the LEP intended to recruit an Interim Chief Executive. The Group was sorry to see Kathy retire but wished Kathy well for the future and thanked her for her invaluable contribution to the LEP.

End: 13.30pm