

Annual Report

2014/15

FOREWORD



I am delighted to present Enterprise M3 Local Enterprise Partnership's 2014/15 Annual Report which outlines our ambitions for the Enterprise M3 economy, what we are doing to achieve them and the progress that we have made during the year.

This has been a landmark year for Enterprise M3 with our Strategic Economic Plan, published in March 2014, providing the basis for £148 million of Government investment we secured from the Local Growth Fund for the Enterprise M3 area. This "Growth Deal" with Government has secured funding for 32 individual projects across all of the Enterprise M3 area. Over the next five years, we will use this money to invest £14 million in innovation and enterprise, £17 million in skills and employability, £17 million in housing and £100 million in transport. The estimated return on this investment in our area will be 7,000 new jobs, 4,000 new homes and up to £410 million in additional public and private sector investment.

As part of our Growth Deal we also secured £42 million in loans from the Public Works Loan Board Project Rate which will be used to support regeneration in two of the key towns – Camberley and Addlestone – in our area.

The economy of the Enterprise M3 area is far stronger at the end of the 2014/15 than at the beginning. The national economy continued to recover during 2014/15 and labour productivity (the most important indicator of competitiveness and living standard) in the Enterprise M3 area is now growing faster than in other LEPs in the South East. According to the latest ONS data, the gap in labour productivity between our area and the UK average has widened

by about 1.4 percentage points since 2010 and this make us, alongside Thames Valley Berkshire, the best performing LEP area in the South East. Going forward, Enterprise M3, through growth deal investments, has a key role in supporting the continued growth in the economy.

However the Board and I recognise that delivering on the Growth Deal and our wider ambitions for driving prosperity in the Enterprise M3 area will only be achieved by working in strong and highly effective partnership with the private, public and not-for-profit sectors. The Board would therefore like to thank everyone who has helped us achieve success in both securing investment for, and delivering on, the ambitions in our Strategic Economic Plan during 2014/15. I would like to take this opportunity to applaud the incredible efforts of our small but effective executive team, led by Executive Director, Kathy Slack.

As we enter 2015/16, the focus of Enterprise M3 Local Enterprise Partnership will be primarily on the successful delivery of the projects which have received funding in our Growth Deal. We will be working with our partners to ensure that these projects are delivered on time, within budget and that they provide the jobs and homes this area needs to ensure its ongoing economic prosperity. We will also be seeking additional funding to further develop our area in line with our Strategic Economic Plan.

Geoff French CBE

Chair, Enterprise M3 Local Enterprise Partnership

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BOARD MEMBERS



Geoff French CBE
Chair of
Enterprise M3



David Axam
BT



David Barnes
Farnborough
Aerospace
Consortium



Tim Colman
Federation of Small
Businesses



Cllr Ferris Cowper
East Hampshire
District Council



James Cretney
Marwell Wildlife



Kate Dean
Dean Consulting



Zoe Gray
Learning Links



Cllr Moira Gibson
Surrey Heath
Borough Council



Colonel Andy Barr
Armed Forces



Andrew Lambert
Electronic Media
Services Ltd



Cllr Keith Mans
Hampshire County
Council



**Cllr Stephen
Mansbridge**
Guildford Borough
Council



Cllr Peter Martin
Surrey County
Council



Dr Malcolm Parry
Surrey Research
Park



Louise Punter
Surrey Chambers of
Commerce



Cllr Clive Sanders
Basingstoke &
Deane Borough
Council



Mike Short
Telefonica



**Christine Slaymaker
CBE**
Farnborough
College of
Technology



Chris Tinker
Crest Nicholson



REFLECTIONS ON A SUCCESSFUL YEAR FOR OUR LEP, PARTNERSHIPS AND OUR ECONOMY

FROM OUR EXECUTIVE DIRECTOR

This has been a year of considerable success with Government recognising through funding awards not only the opportunities for growth within our area but also the strength of our business community and local partners. We began the year with an ambitious plan for sustainable economic prosperity in our area and we ended the year with a commitment from Government to invest £148 million to help us deliver the actions set out in our plan to support and grow our economy.

We are now pushing ahead with a string of projects supporting enterprise, innovation, skills and infrastructure that will see us and our partners delivering right across our area. Importantly we are recognised by Government as a high performing LEP, one in which they have confidence in the economic value and growth potential of the Enterprise M3 area and confidence in our Local Economic Partnership to help deliver this growth for not only for the local area but also for the national economy as a whole. This puts us in a leading position when seeking further funds.

During 2014/15, positive and meaningful engagement with the Enterprise M3 business community has continued to be a key activity for the LEP as a whole. I continue to be impressed with the innovative businesses that are based in the Enterprise M3 area and hearing about the challenges they are facing; the help they need and how they become more productive. We continue to be supported by a huge range of businesses that give us a great deal of their valuable time and expertise, either in one-to-one meetings or

through involvement with our Board or our action groups. This involvement is invaluable – it helps us to keep in touch with what matters to business and to fight for the support they need for their business to flourish and I would like to thank them for their ongoing support and commitment. This business involvement has helped shape many of our initiatives – our Growth Hub offering support to businesses; our Enterprise Centres and our Skills Centres focussing on delivering the skills, especially around Science, Technology, Maths and Engineering, that business says it needs to succeed.

We have also worked hard to develop and advance our relationships with our key partners in the private, public and not-for profit sector. These strong working partnerships have been key to the success of our Growth Deal. And this year has seen us work even more closely with our neighbouring LEPs, particularly on strategic transport issues and on innovation where the joint work on digital technologies around 5G has drawn in a grouping of some seven LEPs across the Greater Thames Valley.

None of the above could have been achieved without the hard work and vision of the Enterprise M3 Board, our management groups and action groups and, importantly, my team. I look forward to working with them all to achieve even greater success in 2015/16.

Kathy Slack
Executive Director

ABOUT ENTERPRISE M3 LOCAL ENTERPRISE PARTNERSHIP

One of
39
in England

Business
+
Public Sector
+
Not-for-profit Sector



Vision
+
knowledge
+
strategic leadership



Improved business productivity
+
Increase in jobs
+
More businesses

OUR GEOGRAPHY

- 2 counties
- 16 local authorities
- 4 Growth Towns*
- 5 Step-up Towns†
- 2 motorways
- 5 universities‡
- 6 FE colleges



*Woking, Guildford, Basingstoke, Farnborough
†Staines-upon-Thames, Camberley, Andover, Aldershot, Whitehill & Bordon
‡Including neighbouring partner, the University of Southampton

OUR VISION

"to make the Enterprise M3 area the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life"

KEY FACTS

COVERS
443,700
HECTARES

POPULATION
OF 1.65
MILLION

90,000
BUSINESS
UNITS

OUR TARGETS



GVA PER CAPITA
25% above the national average through increased productivity and a focus on high value sectors



JOBS
Increase the employment rate from 77.4% to 80%, creating 52,000 new jobs



BUSINESS BIRTH & SURVIVAL
Adding 1,400 businesses annually to the area

OUR ECONOMY

5th largest economy in England

2nd largest economy in the South East

Higher GVA per head than the UK average

HOW WE PERFORM

3rd highest GVA per head in the UK

But
GVA growth is lower than the UK average

OUR BUSINESSES

Better business survival rates than the UK average
(3 year survival rates: 66.8% in Enterprise M3 area compared to 62.5% in England)

KEY SECTORS

- ICT and digital media
- Aerospace and defence
- Pharmaceuticals
- Professional and business services

NICHE SECTORS

- 5G Telecommunications
- Advanced aerospace/automotive manufacturing
- Satellite technologies
- Animal health
- Cyber security
- Computer games and entertainment technologies
- Advanced materials and nano-technology
- Photonics

OUR JOBS*

77.4% employment
as compared to
72.2% UK
employment

Exceptional growth in several high-productivity sectors, particularly telecommunications, some manufacturing & engineering sectors and computer programming & consultancy

Labour productivity is **16% higher** than the national average – ranked 4th nationally on output per hour basis

But
There is, however, "sluggish growth" in employment rate (employee growth in **2013** was just **0.6%** compared to the national average of **1.8%**)

* Source: ONS (2015)

OUR STRATEGIC ECONOMIC PLAN

FOR THE ENTERPRISE M3 AREA

In March 2014, we published “Working for a Smarter Future”, our Strategic Economic Plan (SEP) for 2014-2020. Our SEP is a forward-looking plan for the whole of the Enterprise M3 area. It looks at how we can build on our economic strengths and harness the potential in one of the fastest growing economies in the UK in a coherent and co-ordinated way as well as addressing the consequences of growth in our area.

It sets out how we intend to fulfil our ambition for the Enterprise M3 area to be ‘the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life’.

Our Strategic Economic Plan is the bedrock upon which we build and develop our co-ordinated programme of activities for each financial year.

During 2014/15 we used the SEP, along with its accompanying Growth Deal submission, to negotiate with

Government for our share of the Local Growth Fund. As a result we secured a £148m Growth Deal with Government, with £35.3m allocated for 2015/16. Linked to this investment, we have also agreed performance targets to deliver 4,000 homes, 7,000 jobs, and to lever £410 million of other investment.

Alongside this, we used the SEP to inform our European Structural and Investment Funds (ESIF) Strategy and its accompanying Implementation Plan which sets out how the area’s £43 million of European Structural and Investment Funding for the 2014-2020 period will be spent. This £43 million is made up of £38.5 million from the European Regional Development Fund (ERDF) and European Social Fund (ESF) and £4.5 million from the European Agricultural Fund for Rural Development (EAFRD).

We also used the SEP in 2014/15 to inform our investment decisions with regard to our Growing Enterprise Fund



(GEF), our revolving loan fund created in 2012 that aims to support economic growth in the Enterprise M3 area by addressing the infrastructure and site constraints that might be impeding development.

Going forward, we will be monitoring and evaluating the impact of all our activities and interventions. Programme updates and performance monitoring reports will be available on the Enterprise M3 website at www.enterprisem3.org.uk.



Launch of the Enterprise M3 Growth Deal, July 2014

GROWTH DEAL

FOR THE ENTERPRISE M3 AREA

- Enterprise and Innovation
- Skills and Employability
- Housing
- Transport



Delivering



7,000
new jobs



4,000
new homes



Up to £410m
in additional public and private sector investment

PERFORMANCE HIGHLIGHTS

2014/15

The financial year of 2014/15 has been a momentous and transformative one for Enterprise M3 Local Enterprise Partnership. During the year we built on the excellent reputation we have with central government as well as our strong and productive relationships with local authorities and MPs, and our business, public and not-for-profit partners and, as a result, we:

Secured £148 million from the Local Growth Fund to support 32 projects across the our area. This Growth Deal aims to deliver up to 7,000 jobs, 4,000 homes and £410 million of public and private sector investment across the Enterprise M3 area.

Secured £42 million in loans from the Public Works Loan Board which will be used to fund support regeneration in Addlestone and Camberley.

Joined forces with the University of Surrey to support the development of the world's first dedicated 5G Innovation Centre. The centre will focus on advanced technologies that could go on to underpin the 5G networks of the future and give Britain global leaderships in mobile technologies. The 5G test bed network being developed at the 5G Innovation Centre will be made available to companies across the Enterprise M3 area. These facilities will allow companies to take advantage of 5G technologies to improve business growth.

Were selected by BIS as one of three business support simplification pilots. The aim of this review of business support provision in the Enterprise M3 area was to help identify how it could be improved or simplified for customers, thus increasing impact and value for money. The findings from this pilot have been used to inform the development of the Enterprise M3 Growth Hub.

Secured £100 million of funding for 16 transport schemes across the Enterprise M3 area. These schemes will help deliver economic growth, employment and housing completion in the area.

Secured £17 million from the Local Growth Fund for six skills centres across the Enterprise M3 area. These centres will involve both further education colleges and private sector employers such as IBM in facilities to support our top skills priorities in Science, Technology, Engineering and Maths (STEM).

"I am delighted to have signed the Enterprise M3 Growth Deal. This Deal marks the beginning of a new era of economic freedom and prosperity for Surrey and Hampshire."

Greg Clark, Minister of State for Cities and Universities

Launched the Enterprise M3

Funding Escalator. Funded by the Growing Enterprise Fund and managed by the FSE Group, the Enterprise M3 Funding Escalator is made up of a loan scheme and an equity fund and it aims to give ambitious SMEs access to finance. By the end of March 2015, the fund had committed a total of £1.425m in loans to support eight businesses in the Enterprise M3 area.

Launched the new permanent chalets at the Farnborough Airshow site.

These chalets, funded by the Growing Enterprise Fund in the form of a loan, were used for the first time during the very successful 2014 Farnborough International Airshow. They have also acted as the key catalyst in generating stakeholder and lender involvement in the next stage of FIL's redevelopment plan and have also generated significant interest from major customers seeking to invest in independent bespoke structures for multiple show use.

Secured commitment from Government for the delivery of all four of the strategic road asks in our Local Growth Fund submission.

These asks - improvements to the M3 Junction 9, the A3 through Guildford, the A31 at Ringwood and the M25 Junction 10 / A3 Wisley Interchange - will ensure a more effective and reliable strategic transport network in the Enterprise M3 area.

Developed an ambitious and forward-thinking strategy for the use of £43m European Structural and Investment Funding within the area, and brought a strong group of local partners together to manage the delivery of this funding, and to ensure it is used to support the Sci:Tech Corridor.

Continued to lobby Government for increased capacity at Heathrow Airport and the maintenance of its status as the UK's hub airport.

Businesses in the Enterprise M3 area have

repeatedly told us that the provision of additional runway and terminal capacity at Heathrow Airport, along with associated surface access improvements, is of vital importance to their businesses and that they would look to relocate away from our area if the airport no longer provided the services and facilities they need.

Secured £86,000 from BIS to rollout the Digital High Street Skills Programme

run by the Association of Town & City Management (ATCM) across the Enterprise M3 Growth Towns, Step-up Towns and other key locations within our 14 local authority areas. This innovative programme has, thus far, delivered 42 "Digital High Street Skills" workshops to 212 unique businesses across the Enterprise M3 area.

The Enterprise M3 Growth Deal was the first Growth Deal to be signed off in England. Greg Clark, the then Minister of State for Cities and Universities, joined Enterprise M3 board members, strategic partners and key businesses in the area, including BP, IBM, Telefonica and Fujitsu at the 2014 Farnborough International Airshow in order to sign off the area's Growth Deal.



PRIORITY AREA ONE

ENTERPRISE AND INNOVATION

STRATEGIC AIM

To support the creation of 200 new high growth companies, 8,000 additional jobs and £2bn of new export markets from businesses in the Enterprise M3 area.

Our key strategic actions

- Capitalise on opportunities arising from new technology
- Support a new generation of sector-focused incubators
- Stimulate sustainable private sector business support solutions
- Exploit synergies across a greater area and collaborate to maximise business opportunities

Financed by

- Local Growth Fund
- Private sector investment
- Growing Enterprise Fund
- European Regional Development Fund (ERDF)
- Higher Education Funding Council for England (HEFCE)
- Contributions from other LEP areas

Opportunities

5th

5th largest economy in the UK (2nd largest in the South East)



Strong business base of 90,000 business units



High business survival rates



Strong base for innovation in our world-class academic and research institutions



Home to high growth sectors, such as digital media, aerospace and advanced manufacturing



Home to high value niche sectors such as 5G mobile communications, cyber security and satellite technologies

Challenges



85% of businesses are either micros or small and medium-sized enterprises



Rate of start-ups and self-employment is lower than national average



Infrastructure supporting innovation is stretched



Business support landscape is fragmented, complex and often full of duplication



Local economy doesn't fully benefit from the commercialisation of research that goes on within the area's academic and research institutions

2014/15 SUCCESSES

Enterprise M3 secured £5m¹ from the Local Growth Fund for the world's first dedicated 5G Innovation Centre. This centre, based at the University of Surrey's main campus in Guildford, will focus on advanced technologies that could go on to underpin the 5G networks of the future and give Britain global leadership in mobile technologies. During 2015/16, Enterprise M3 will invest £1.75m in Phase 1 of the project. This funding will be used to help fund a 5G emulator at the University of Surrey and 5G demonstrator facilities in Basingstoke. Local companies across the Enterprise M3 area will have access to these facilities and this will allow these companies to take advantage of 5G technologies to improve business growth.

The new permanent chalet complex at the Farnborough Airshow site, funded by a £2.5 million loan from the Growing Enterprise Fund, was officially opened by James Artbutnot, the then MP for North East Hampshire, in May 2014. This redevelopment project, which saw the construction of 38 permanent chalet structures to be used for hospitality and exhibition space, played a key role in the success of the 2014 Farnborough International Airshow. The 2014 airshow took a confirmed total of US\$204bn in orders and commitments during its five days, beating all previous records set for the show.

Enterprise M3 secured a further £5 million² in investment for the Farnborough Airshow site, this time from the Local Growth Fund, in January 2015. This money, in the form of a loan, will be used to help build a

major permanent event venue on the Airshow site, consisting of 15,000 sqm of exhibition space and 5,000 sqm of high quality, flexible conferencing and seminar space. This major redevelopment of the Farnborough Airshow site, planned for after the 2016 Airshow, will allow Farnborough to remain competitive with other worldwide airshows such as Paris and Berlin and will provide the Enterprise M3 area with a major international conference and exhibition venue.

The Enterprise M3 Funding Escalator, created with £5.5 million from the Growing Enterprise Fund, was launched in 2014. The Funding Escalator, which is managed by The FSE Group, is made up of an expansion loan scheme and an equity fund and it aims to give ambitious SMEs access to loans and equity funding between £50,000 and £200,000 for activities that will deliver

high-growth and employment opportunities. By the end of March 2015, the fund had committed a total of £1.425 million in loans to support eight businesses in the Enterprise M3 area. To date, seven of these loans (totalling £900,000), four in Surrey and three in Hampshire, have been drawn down.

We were selected by the Department of Business, Innovation and Skills (BIS) to participate in a Business Support Simplification Review pilot.

The aim of the pilot was to review, and then make recommendations on the business support provision within the Enterprise M3 area in terms of improving or simplifying the customer experience, increase impact and value for money. The pilot's findings and recommendation were used to inform the development of the Enterprise M3 Growth Hub.

2014 Farnborough International Airshow



¹To date, the Enterprise M3 Board has only approved spend of £1.75m from the Local Growth Fund. Further spend of £3.25m is only provisional and subject to the approval of the Enterprise M3 Board. ²The awarding of the funding is subject to approval of the project business case by the Enterprise M3 Board. This decision will be made during 2015/16.

Enterprise M3 secured £1 million from the Local Growth Fund over six years to fund the Enterprise M3 Growth Hub. For businesses looking to succeed in the Enterprise M3 area, the Enterprise M3 Growth Hub is an expert advice and resource network which helps business achieve results quickly through a tailored service focused on growth. Firstly, the Growth Hub will provide a central resource to access information, resources and suppliers on the widest range of business topics including skills, marketing, access to finance and international trade.

Secondly, businesses looking to grow will have a tailored personal service aimed at identifying and introducing the best of the private and public sector services to help them achieve their plans.



In March 2015, Enterprise M3 awarded the contract to manage and run the Growth Hub to an innovative new partnership led by the BE Group, a leading supplier of business support services with a track record in business information, business growth and commercial development programmes. Other core partners in the partnership are portal developer, Aerian, Business South, SETSquared (the enterprise collaboration of

Bath, Bristol, Exeter, Southampton and Surrey universities who support high technology and innovative companies) and both the county councils that cover the Enterprise M3 area. The partnership will also be engaging with the wide array of business support and membership organisations and partners across the area, including membership bodies (e.g. Chambers of Commerce, FSB, IOD), trade associations and FE colleges, all of whom have strong links with business in the area.

In November 2014, Enterprise M3 secured £86,000 from BIS to rollout the Digital High Street Skills Programme run by the Association of Town & City Management (ATCM) across the Growth Towns, Step-up Towns and other key locations within our area (see case study).

Enterprise M3 secured £4 million from the Local Growth Fund to help create a new Business and Enterprise Centre in Whitehill & Bordon This project, led by the Homes and Communities Agency (HCA), will see the refurbishment of the Broxhead House at Louisburg Barracks in order

to create a new Business & Enterprise Centre in the town. This facility, which is part of the wider Whitehill & Bordon regeneration project, aims to create new jobs and market confidence by attracting entrepreneurs to the area as well as supporting local start-ups and small businesses. It is anticipated that this Enterprise Centre, which will comprise c.900 sqm of new office accommodation, will generate 236 new jobs by year 10.

Enterprise M3 secured £1.2 million⁴ from the Local Growth Fund to support the creation of an Innovation and Enterprise Centre (Animal Health) in the Enterprise M3 area. This will provide access to cutting edge research findings and big data to commercial companies who can then translate such research into practical tools, products and services for improvements in human and animal health. The key components of the project will be a Research Hotel at the Pirbright Institute to provide access to state-of-the-art facilities and internationally leading expertise to both researchers and commercial partners and a digital innovation centre at the University of Surrey.



Whitehill & Bordon Business and Enterprise Centre

⁴The awarding of the funding is subject to approval of the project business case by the Enterprise M3 Board. This decision will be made during 2015/16.



CASE STUDY

DIGITAL HIGH STREET SKILLS PROGRAMME

In November 2014, Enterprise M3 secured £86,000 from BIS to rollout the Digital High Street Skills Programme run by the Association of Town & City Management (ATCM) across the Enterprise M3 area.

The Digital High Street Skills Programme is a tailor-made suite of training designed to help small independent retailers develop or establish their online retail presence. This innovative programme is designed to equip businesses with the confidence, skills and tools they need to take full advantage of online opportunities.

In February and March 2015 ATCM delivered 42 “Digital High Street Skills” workshops consisting of three modules across 13 locations in the Enterprise M3 area, including Basingstoke, Farnborough, Guildford and Staines-upon-Thames as well as a number of rural and market towns. These workshops were attended by 212 unique organisations, 85% of which were private sector businesses.

Customer feedback to the programme has been very positive. One attendee has said that “It has helped us to shore up our social media knowledge, and to be able to analyse the effectiveness of our website, as well as create a formal marketing plan and identify our key customers” while another said “Gave me lots of ideas about how to best use social media, change the content of my website and attract more clients”.

Xav Anderson, ATCM Commercial Relationships Manager, said “We are delighted with the success of the Digital High Street Skills Programme in the Enterprise M3 area. Working with the LEP and local councils meant we were really able to focus on small and medium-sized businesses that were keen to improve their digital skills, and then help them to make use of these skills that will enable them to not just reach their full potential, but to also contribute even more to the economic and social success of their local area.”

KEY STATISTIC



“Digital High Street Skills”
workshops delivered
across 13 locations

Delivered by



PRIORITY AREA TWO

SKILLS AND EMPLOYABILITY

STRATEGIC AIM

To change the operation of the skills system to better meet the needs of the economy, particularly through the development of capability in science, technology, engineering and maths subjects (STEM) and achieving full participation in the labour market for young people.

Our key strategic actions

- Work in partnership with the private, public and not-for-profit sector through the Global Competitiveness through People Board to influence, challenge and develop the skills and employment issues in the Enterprise M3 area
- Invest in Skills Capital Projects across the whole area, with both a strong STEM focus and the long-term aim of creating a network of linked skills centres
- Develop an implementation plan for Enterprise M3's £17.3 million European Social Funds (ESF) programme that targets employability issues and skills gaps in the Enterprise M3 area
- Develop and implement an integrated approach to Skills for Business within the Enterprise M3 Growth Hub

Financed by

- Local Growth Fund
- European Social Fund
- Skills Funding Agency
- Further Education institutions
- Private sector investment
- Contributions from other LEP areas



Advantage Project,
Brooklands College, Ashford

Opportunities



High employment rate (77.4% of our working age population) provides opportunities to upskill the workforce to meet employers' skills gaps



Highly skilled workforce (42.4% of workforce has NVQ level 4 qualification or above) leading to high productivity



High productivity rates (labour productivity is 4th highest in UK) and the opportunity to increase further



Strong, high performing network of colleges and universities



Strong older worker network is an unexploited resource that is prime for development

Challenges



Relatively slow growth of labour force versus higher rate of job creation



Relatively low rates of take-up of Apprenticeship places, particularly Higher Apprenticeships



High incidence of hard-to-fill vacancies



Businesses identify lack of STEM skills as a particular problem - higher than average skills gaps in key sectors could constrain economic growth



High level of out-commuting of skilled people / relatively low graduate retention



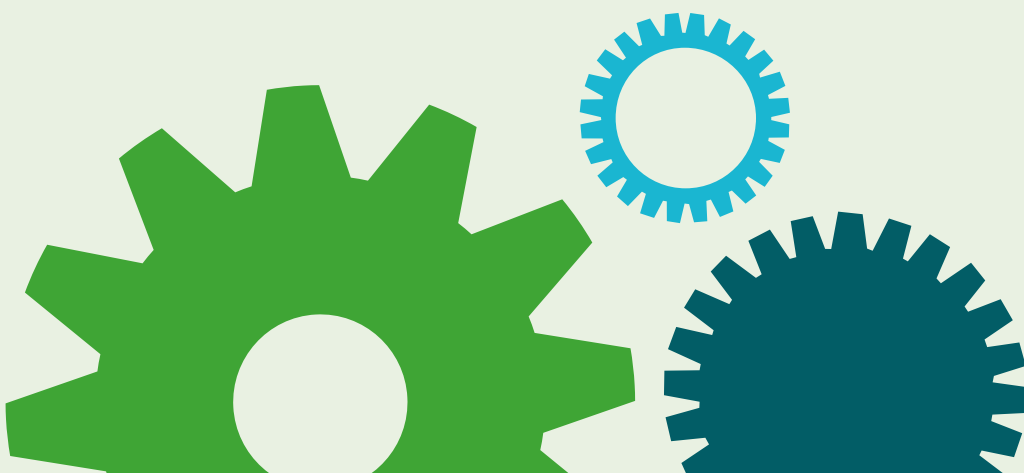
Need for greater integration of strong and consistently high quality careers engagement with schools and employers



Need to increase workforce productivity rates so that they are in line with high-performing international competitors



Need for continued employer engagement to address skills and employability issues



2014/15 SUCCESSES

Established a strong business-led skills and employment action group, the Global Competiveness through People Board, which uses its influence and partnership working approach to challenge and develop the skills and employment issues in the Enterprise M3 area. Members of the Board include IBM, Hays Recruitment, the Farnborough Aerospace Consortium and the NHS as well as smaller companies and business support organisations such as Cold Fuzion Associates, Surrey Chambers of Commerce and the Federation of Small Businesses.

Secured £17 million from the Local Growth Fund for six skills centres across the Enterprise M3 area.

These centres will involve both further education colleges and private sector employers such as IBM in facilities to support our top skills priorities in Science, Technology, Engineering and Maths (STEM). These projects, once completed, will provide a further 434 apprenticeships in the area, including over 100 higher apprenticeships.

Developed an implementation plan for the area's European Social Funds (ESF) that is in line with the skills ambitions in the Strategic Economic Plan and targets employability issues and skills gaps in the Enterprise M3 area.

Developed an integrated approach to Skills for Business within the Enterprise M3 Growth Hub. This approach will provide businesses with workforce planning information and support, connecting skills delivery and business needs as well as promoting apprenticeships and other vocational pathways.



Established a best practice relationship with six further education colleges in the Enterprise M3 area. The partners are working in collaboration to share resources, learner referrals and to influence the curriculum offer.

Actively engaged with business in creating an Apprenticeship Ambassador Network (AAN) for the Enterprise M3 area to promote apprenticeships, engage with schools and inspire young people. Business leaders involved to date have come from sectors such as aerospace, ICT solutions, data services, manufacturing, infrastructure and professional/business services.

Upskilled 1,270 individual learners in the Enterprise M3 area through the ESF-funded Skills Support for Workforce project. Throughout 2014/15, Enterprise M3 worked in strategic partnership with Chichester College and partners to shape the project so that it supports learners and employers in the Enterprise M3 area and, as a result, the project worked with over 100 employers and over 1,200 employees across a range of sectors including construction, advanced manufacturing, business and financial services and ICT.

Worked with the Tech Partnership to establish a new approach to engaging with stakeholders.

In 2015/16 we are piloting a shared post to work with employers and skills providers to foster collaborative working to create the skills for the digital economy.

Established a strong approach with not-for-profit sector partners in order to develop projects that will support and promote social enterprise and inclusion within the Enterprise M3 area. In partnership with Surrey Community Action and Action Hampshire, we utilised the Big Lottery Fund Programme Development Fund in order to raise awareness within the Voluntary Community and Social Enterprise (VCSE) sector of the forthcoming opportunities available through the European Social Fund (ESF) in the Enterprise M3 area.

Supported the successful bid for a Universal Technical College (UTC) in Guildford by the sponsor organisations. The UTC will specialise in computer science and engineering and will open in September 2017.



CASE STUDY

ENTERPRISE M3 SKILLS CAPITAL PROGRAMME

The Enterprise M3 Skills Capital Programme aims to develop a network of world-class vocational skills and enterprise education centres to empower the Enterprise M3 Sci:Tech Corridor.

To this end, we have secured £17 million from the Local Growth Fund to support six leading edge skills centres across the Enterprise M3 area. The centres will provide state-of-the-art facilities for laboratories, construction, engineering, ICT/digital, cybersecurity, environmental technologies and support for higher education courses. They will be delivered in partnership with Brooklands College, Farnborough College of Technology, Whitehill & Bordon, Brockenhurst College and Sparsholt and Andover College.

The aim of these centres is to stimulate local businesses to engage with future generation employees by investing in these centres, creating 434 apprenticeships, including over 100 higher apprenticeships and further job creation. The centres will also deliver high quality science, technology, engineering and maths (STEM) skills which have been identified in our Strategic Economic as a major skills gap in the Enterprise M3 area.

One of the six centres, the **Brockenhurst College STEM Advancement Project**, has a specific STEM focus. It will be a contemporary learning centre including high specification laboratories for physics, chemistry and biology developed in collaboration with IBM. The interactive science and maths teaching rooms; workshops and IT suites will provide a unique learning space. Students will be inspired to become our future scientists, researchers, innovators and leaders.

College Principal Di Roberts CBE said: "We are delighted that Enterprise M3 LEP has chosen to invest in Brockenhurst College. This is an important project that will have a significant impact on the quality of STEM skills, education and training."

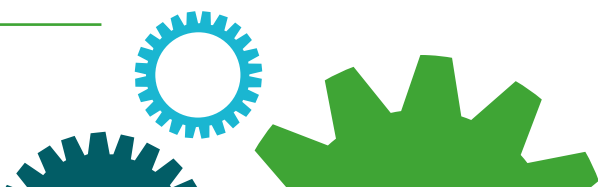
KEY STATISTIC



75

apprenticeships

(including 25 higher apprenticeships) will be delivered by the STEM Advancement Project, Brockenhurst College





PRIORITY AREA THREE

INFRASTRUCTURE AND HOUSING

STRATEGIC AIM

To accelerate the delivery of housing by up to 25% above the baseline (2003-13 delivery)⁵ meaning that, with Government support⁶, over the next 10 years up to 11,500 new homes will become available more quickly.

Our key strategic actions

- Utilise local and national funding streams to support major development sites and town centre regeneration projects
- Develop a detailed and unique understanding of the development opportunities across the Enterprise M3 area
- Work closely with Local Planning Authorities to facilitate planning for longer-term strategic housing delivery
- Utilise local and national funding streams to invest in new infrastructure to accommodate development
- Support development opportunities that exist on public sector land and within town centres
- Ensure that the stock of commercial premises in the Enterprise M3 area is 'fit for purpose' both now and in the future

Financed by

- Local Growth Fund
- Growing Enterprise Fund
- Public Works Loan Board Project Rate
- Enterprise M3 core funding
- DCLG Capacity Funding (Manydown, Basingstoke)

5. Regeneris (2014) using information provided by Local Planning Authorities. This baseline has been used as this gives a picture of the picture of delivery before and during the recession. This acceleration of delivery would be achieved without an increase in Local Plan targets.

6. Infrastructure funding outline in our Local Growth Deal submission, along with support for strategic transport interventions, are key to allowing us to achieve this goal.

Opportunities



Excellent quality of life with benefits including excellent schools and close proximity to two national parks



Strategic housing and employment sites across the Enterprise M3 area, with delivery starting at Whitehill and Bordon and Wellesley, Aldershot in 2014/15



Redundant commercial premises in our town centres may offer regeneration opportunities



Surplus public sector land could be used

Challenges



Acute shortage of housing that is affordable to the Enterprise M3 workforce, particularly two and three bed family housing



Housing available is also relatively expensive – a household income of approximately £50,000 is required to buy an average 2 bedroom house in the Enterprise M3 area. In some areas this figure exceeds £65,000



Lack of available 'Grade A' office space in some of our Growth Towns



Limited land opportunities, with significant environmental and infrastructure constraints

2014/15 SUCCESSES

Secured £42m of loans from Public Works Loan Board (PWLB) Project Rate to support town centre regeneration projects in Camberley (Ashwood House) and Addlestone (Addlestone One).

Positive progress has been made on Suitable Alternative Natural Greenspace (SANGS) which was identified in the Strategic Economic Plan as a key way of relieving development constraints on many authorities in the Enterprise M3 area. Enterprise M3 is supporting two SANGS projects in 2015/16 in Rushmoor and Surrey Heath which will unlock over new 1,600 homes in future years. There have also been high level discussions with Government and Natural England about SANGS flexibilities and Enterprise M3 will continue work on this over the next year.

Work began in January 2015 on the Activation Aldershot project, a town centre regeneration project partially funded by the Growing Enterprise Fund (see case study).

Successfully interacted with the planning system in the Enterprise M3 area. During 2014/15 we increased our capacity and this enabled Enterprise M3 to respond to consultations including Local Plan consultations in Basingstoke and Guildford as well as the London Infrastructure Plan.

Worked in partnership with public and private sector partners who are bringing forward major sites in the Enterprise M3 area to agree how best these sites can be brought forward to achieve the objectives of the Strategic Economic Plan.

Completed and published the Enterprise M3 Housing Evidence Base Study. Enterprise M3 commissioned this housing study in 2014 to provide further background on issues such as affordability, planned supply, constraints and the major development sites within the Enterprise M3 area. Crucially, the report makes recommendations to Enterprise M3 on how it can best work with partners across the public and private sector to accelerate delivery of housing.

Improvement works, funded by the Growing Enterprise Fund, to employment space at Tannery Studios were completed with further works, also funded by the Growing Enterprise Fund, expected to commence in 2015.

The Growing Enterprise Fund received its first set of repayments during 2014-15. This allowed the fund to reopen in September 2014 with a third round of funding, worth £3 million, available. This money has been allocated to a further three projects.

Worked with Hampshire County Council and Basingstoke & Deane Borough Council to secure £850,000 of capacity funding for a series of technical studies to ensure that the right infrastructure is in plan for Manydown and other new homes to be built west of Basingstoke.



Addlestone One
(Artist's Impression)



CASE STUDY

ACTIVATION ALDERSHOT

The Growing Enterprise Fund awarded £3 million to Rushmoor Borough Council and Grainger plc to improve the look and feel of Aldershot Town Centre, improve access and ensure strong links between the town centre and the new Wellesley housing development on the former Aldershot Garrison site.

This regeneration scheme, worth £4.5million in total, is funded by Rushmoor Borough Council, Hampshire County Council and Enterprise M3 through the Growing Enterprise Fund.

It aims to:

- Improve links between different parts of town to encourage people visiting the Westgate Leisure Park to wander into town or, for people living at Wellesley, to shop locally, walk to the cinema or to access Aldershot's leisure facilities
- Make it easier for people to get from A to B by installing better signage and information
- Reduce street clutter by getting rid of unnecessary signs and street furniture
- Improve the appearance of shop frontages and buildings and portray an open, well looked after and maintained town centre
- Make the most of the town centre trees by carrying out selective thinning to improve visibility at street level and planting new trees

Work began on the scheme in January 2015 and aims to be completed by July 2015. When completed, these improvement works will help make Aldershot, one of the five Step-up Towns identified in our Strategic Economic Plan, a more attractive town to live and work in, thus accelerating the regeneration and revitalisation of Aldershot and its town centre.

KEY STATISTIC



3,850

new homes

at the Wellesley
development
(former Aldershot
Garrison site)



PRIORITY AREA FOUR

TRANSPORT

STRATEGIC AIM

To deliver and improve connectivity through transport investment across the Enterprise M3 area – particularly within and around our Growth Towns and Step-up Towns – to increase journey-time reliability, increase the capacity of our transport network and unlock new housing and business sites.

Our key strategic actions

- Utilise local and national funding streams to invest in improvements to the Enterprise M3 transport network
- Work with private, public and not-for-profit sectors, through the Transport Action Group, to influence and steer strategic issues on transport
- Lobby Government for further improvements to both the strategic and local transport network

Financed by

- Local Growth Fund
- Network Rail Enhancement Programme
- Highways England Major Road Programme
- Pinch Point Programme
- Private sector investment
- Local authorities

Opportunities



Close proximity to major airports and ports



Good motorway network through the area



Excellent partnerships with key strategic partners, including Highways England, Network Rail and Heathrow Airport



Excellent cross-LEP relationships and collaboration

Challenges



Increasing levels of congestion and journey unreliability, focused on routes into London and links around and beyond the Enterprise M3 area



Limitations on the capacity of the current rail network, particularly in respect to travel to and from London



Issues with accessibility to Heathrow and Gatwick airports and uncertainties over future airport capacity in the South East



Significant cost pressures in the delivery of infrastructure schemes over the past year

2014/15 SUCCESSES

Secured £100 million of funding from Local Growth Fund for 16 major transport infrastructure schemes.

Four of these projects – A30/A331 Meadows Gyratory in Camberley (£2.675m), Basingstoke North East Corridor to Growth (£6.56m), Basingstoke North Corridor to Growth (£3.34m) and Runnymede Roundabout (£3.6m) – received approval from the Enterprise M3 Board during 2014/15 and work will commence in 2015. These schemes will deliver key transport improvements which will, in turn, deliver economic growth, employment and housing completion in the Enterprise M3 area.

Approved funding for 11 sustainable transport schemes, worth £4.3 million in 2015/16, from the Enterprise M3 Sustainable Transport Programme

(funded by the Local Growth Fund). These 11 schemes will deliver measurable economic benefits for both their local area and the Enterprise M3 area as a whole. The projects awarded funding include initiatives to improve connectivity with employment

centres, improving accessibility to Growth Towns and expanding Wi-Fi provision to facilitate mobile working for the business community.

Worked closely with the Highways

England to ensure that all four of Enterprise M3 strategic road asks in its Local Growth Fund submission were included in the Department for Transport's Road Investment Strategy. These include improvements to M3 Junction 9, the A3 through Guildford, the A31 at Ringwood and the M25 Junction 10 / A3 Wisley Interchange. These four improvements, taken together, will ensure a more effective and reliable strategic road network and thus contribute to the ongoing economy prosperity of the Enterprise M3 area.

Lobbied the rail industry to address the lack of significant investment in rail infrastructure in the Enterprise M3 area over the past decades. In our responses to Network Rail consultation on the Western and Wessex rail corridor studies, we have lobbied not only for greater investment in

the rail network in the Enterprise M3 area but also for wider recognition that the Enterprise M3 area has significant growth potential and that the rail network has an important role to play in supporting this.

Lobbied Government for significant investment in improved accessibility to Heathrow Airport.

Working closely with Network Rail in relation to a study looking at southern rail access to the Airport. This would be a transformational, long-term project that would enable airport employees and passengers to access the airport more easily and thus reduce traffic in one of the most congested parts of the country's road network.

Worked closely with Heathrow Airport and neighbouring LEAs to influence national policy on both the importance of Heathrow as a hub airport, the need for it to be the focus of any future airport capacity increase in the South East and the importance of surface access to the airport (see case study).





CASE STUDY

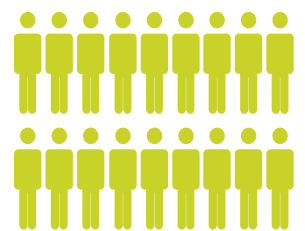
MAKING OUR CASE FOR HEATHROW

In December 2014 Enterprise M3 was invited, along with Thames Valley Berkshire LEP, to give evidence at a public session of the Airports Commission in relation to the expansion of Heathrow. Enterprise M3 used this as a valuable opportunity to raise the profile of the LEP and to put forward the business viewpoint on the importance of airport expansion in the South East to economic growth and the success of businesses in the Enterprise M3 area.

Prior to the public session, Enterprise M3 and Thames Valley Berkshire agreed to give a joint statement of evidence. The key message was that the economy of both areas would be adversely affected if there is not an increase in capacity at Heathrow and therefore both LEPs believe that the Commission's recommendation should be for the provision of a single hub airport at Heathrow.

As part of the Enterprise M3 evidence, Geoff French explained that the impact of Heathrow Airport is felt throughout the whole Enterprise M3 area: 9,700 Enterprise M3 area residents work at Heathrow (this is 14% of the total Heathrow workforce), the area includes the district of Spelthorne that borders the southern boundary of Heathrow airport and is therefore most directly affected by any expansion proposals. Proximity to Heathrow Airport is a therefore critical economic driver for the Enterprise M3 economy but this could be eroded by a range of problems that threaten to stall growth such as lack of capacity and connectivity issues at Heathrow.

KEY STATISTIC



3,900

local residents

in the Spelthorne district
are directly employed by
Heathrow



Geoff also explained that businesses in the Enterprise M3 area have repeatedly told the LEP that the provision of additional runway and terminal capacity at Heathrow Airport, along with associated surface access improvements, is of vital importance to their ongoing economic success and that they would look to relocate away from our area if the airport no longer provided the services and facilities they need.

Enterprise M3 also provided a formal written response to the Airports Commission consultation in February 2015. This was based substantially on the written statement presented at Heathrow, emphasising the economic benefits of expansion at Heathrow Airport and pressing for a quick decision by Government as we have been told repeatedly by business that uncertainty on this is holding back economic growth in the area.

This process has also led to an agreement between Enterprise M3 and local authority partners in the area of the need to develop an infrastructure plan for Heathrow that that will be needed regardless of whether the Airports Commission gives the go ahead to either of the Heathrow options. Enterprise M3 will work with the Thames Valley Berkshire LEP and the London Enterprise Panel to press for the Government to make an early decision once the Airports Commission publishes its recommendations. We will also be pressing Heathrow and the Government to invest in infrastructure at Heathrow regardless of the decision made.

PRIORITY AREA FIVE

THE RURAL ECONOMY

STRATEGIC AIM

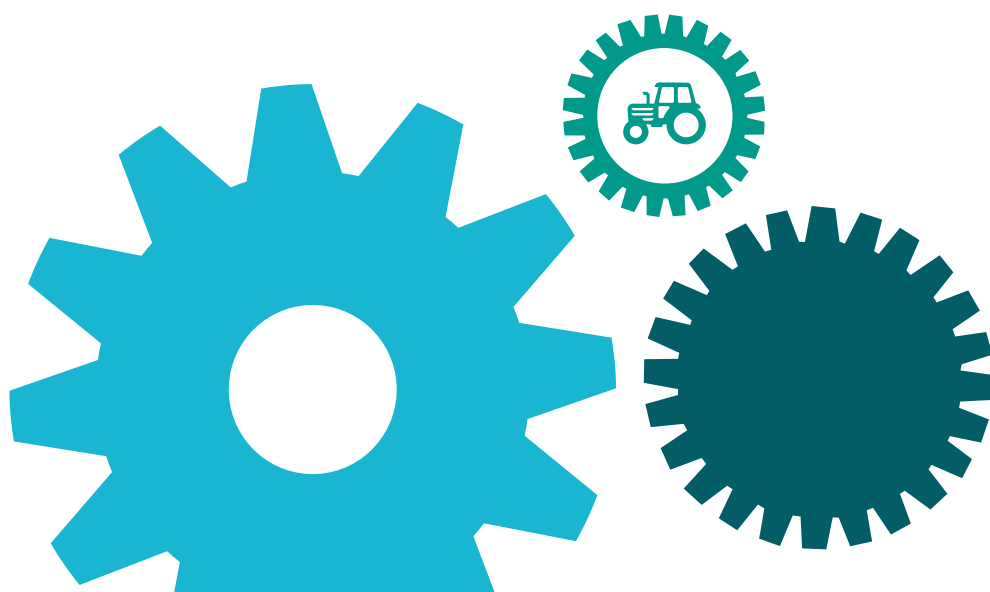
To promote viable and vibrant sustainable rural communities across the LEP area to secure long-term growth of the economy and the labour force in the rural areas, whilst also promoting sustainable management of the countryside and protecting landscapes of national importance.

Our key strategic actions

- Support and encourage growth of businesses of all types located in rural areas
- Oversee the implementation of rural priorities in line with the Enterprise M3 Strategic Economic Plan and EU strategy
- Investigate and identify the key issues affecting businesses, particularly opportunities for growth
- Identify policies that the LEP and partner organisations can promote to increase and support rural business activity through groups such as the LEP's Rural Action Group
- Work with government departments (including DEFRA, BIS, DCMS, DCLG) and rural partners to identify rural funding streams
- Encourage local authorities in the Enterprise M3 area to have specific rural planning & growth policies
- Review and recommend policy on rural activities including housing, rural planning policy, LEADER and rural broadband

Financed by

- Local Growth Fund
- European Agricultural Fund for Rural Development (EAFRD)
- Other European Structural and Investment Funds
- Growing Enterprise Fund
- Contributions from other LEP areas
- Private sector investment



Opportunities



The two national parks in the area cover a quarter (26%) of the Enterprise M3 area



The visitor economy is a strong driver of local economic growth and supports directly 8% of all employment



There is potential in rural areas for the development of low carbon technologies, renewable energy, broadband technologies and agricultural diversification

Challenges



Households in rural areas are more likely than their urban counterparts to have no adults in employment



Much of the infrastructure, so as to ensure parity between rural and urban areas, is inadequate and needs improvement



Limited access to services

2014/15 SUCCESSES

Revamped the Enterprise M3 Rural Action Group in order to ensure that the interests of a wide range of private, public and not-for-profit sectors are well-represented on the group. The group also identified a new set of key priorities to focus on, including business support, planning, housing, broadband and skills.

Secured £2 million from the Local Growth Fund to support the development of a series of hubs (predominantly woodfuel) to offer point of sale for logs, chip construction timber and fencing (see case study).

A high percentage of the workshops delivered as part of the Digital High Street Skills Programme (see Enterprise & Innovation section) took place in market and rural towns within the Enterprise M3 area, including Andover, Lyndhurst and Godalming.

The Rural Action Group has developed a rural planning policy guidance note for consideration and adoption by individual local authorities in the Enterprise M3 area.

Enterprise M3 endorsed the local development strategies that the five Local Action Groups (LAGs) in the Enterprise M3 area produced in order to secure LEADER funding. This funding will come on stream later in 2015.



CASE STUDY

DEVELOPING A WOODFUEL HUB NETWORK IN THE ENTERPRISE M3 AREA

Approximately 20% of the Enterprise M3 area is woodland (87,000 hectares), making it one of the most heavily wooded LEP areas in the country. This resource is capable of producing between 250,000 m³ to 350,000 m³ of timber over the next 50 years, with at least 80% of output from conifer plantations. However, approximately 80% of the woodland (68,500 hectares) is currently under-utilised and therefore has the potential to produce an additional 500,000 m³ annually for each of the next 10 years.

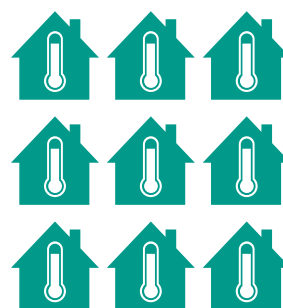
With this in mind, Enterprise M3 secured £2 million from the Local Growth Fund to support the development of a woodfuel hub network across the Enterprise M3 area. This network will offer a point of sale for logs, chip construction timber, fencing or any combination of such.

It is estimated that this project, which is led by the Forestry Commission, will generate 105,000 MW heat, save 40,000 tonnes of CO₂ if woodfuel substitutes for fossil fuels and support over 80 jobs (new and existing) within the woodfuel supply chain.

The hub network will also offer the chance to improve recycling of wood-waste and arboricultural arisings, helping reduce costs in the supply chain and ensure greater productivity per £ invested.

The local woodfuel hubs will also help in the diversification of agricultural holdings, especially those where there are already investments to heat large houses or agricultural buildings using woodfuel or in areas off the gas grid. In this way it will be possible to secure new use for redundant farm buildings, sustain agricultural labour over winter months when productivity falls and encourage adjacent farm holdings to substitute for oil, reduce their heating bills by as much as 50% and improve the overall viability of their agricultural enterprise.

KEY STATISTIC



6,500
to
10,000
homes

will be heated by the
woodfuel hub network

CASE STUDY

WHITEHILL & BORDON: HAMPSHIRE'S GREEN TOWN

Whitehill & Bordon, which is located on the A3 corridor in East Hampshire and surrounded by South Downs National Park, is being regenerated into a prosperous and sustainable green town.

The Army's Defence School of Electronic and Mechanical Engineering has had a base in the town for more than 100 years and is relocating in 2015 to Wiltshire and therefore freeing-up approximately 100 hectares of land in Whitehill & Bordon.

The army's departure will lead to a significant decline in economic activity but also provides a once in a lifetime opportunity for economic transformation through a large-scale regeneration and development project. It is anticipated that the regeneration of Whitehill & Bordon will deliver 3,350 new homes, 5,500 new jobs, a thriving new town centre, new schools and the protection and enhancement of 150 hectares of beautiful natural environment.

Whitehill & Bordon was identified in our Strategic Economic Plan as one of five Step-up Towns (an area of latent economic potential, which currently experience barriers to growth that impacts upon the area's overall performance) in the Enterprise M3 area and, as a result of this, an integrated

investment package worth £24.75 million was put together to enable East Hampshire District Council and its partners to deliver a package of infrastructure and development projects which will accelerate regeneration activity in Whitehill & Bordon.

To date, Enterprise M3 has secured approximately £23.9 million from the Local Growth Fund for five key projects – the Whitehill & Bordon Future Skills Centre (work starts in early 2016), Whitehill & Bordon Business and Enterprise Centre (work starts in late 2015), Phase 2 of the Whitehill & Bordon Relief Road (preparation works already underway) and two sustainable transport projects (work starts in late 2015).

This funding package, when combined with the other investments that it will lever in from the public sector and the private sector, will lift the town, transform its economy, enable it to “step up” to its rightful place in the region, and make a significant contribution to the continuing economic growth of the Enterprise M3 area.

Enterprise M3 is playing a key role in the ongoing work that is being done to ensure the successful regeneration of the town. We are key members of both the Whitehill & Bordon Strategy Board and Delivery & Implementation Board and will continue to lobby Government for further investment in the town.



THE STRUCTURE OF ENTERPRISE M3

2014/15

The Enterprise M3 Board

The Enterprise M3 Board, led by Geoff French, is responsible for the overall strategic direction of the LEP, establishing targets and priorities and monitoring progress towards those targets.

It is a business-led board made up of 20 members, split between the private, public and not-for-profit sector.

Groups providing strategic advice to the Enterprise M3 Board

The following groups provide strategic oversight for different Enterprise M3 projects and funding streams and advise the Enterprise M3 Board on particular projects.

European Management Group
(interim group until July 2015)

Programme Management Group

Local Transport Body

Joint Leaders Board

Made up of the 16 Local Authorities within the Enterprise M3 area, the JLB helps to advise Enterprise M3 on strategic priorities for growth, and provides a mechanism for co-ordinating the combined contribution of councils on actions and activities to deliver the Strategic Economic Plan, and the resources required to implement them.

Revised Action Groups

There are five action groups which are led by a chair from the private sector. These groups report directly to the Enterprise M3 Board and play a key role in providing specialist advice and recommendations on the delivery of the Strategic Economic Plan.

Innovation & Enterprise

Global Competitiveness through People

Land & Property

Transport

Rural

Enterprise M3 Executive Team

Enterprise M3 has a small executive team led by Executive Director, **Kathy Slack**. This team is responsible for the day-to-day project management, administration and communications of work undertaken by the LEP. This team is made up of employed staff, secondees from local organisations within the Enterprise M3 area and, when required, short-term contracted staff to deliver particular pieces of work.

Project Managers include:



Enterprise & Innovation
Chris Quintana



Skills & Employability
Sarah Carter



Infrastructure & Housing
Rachel Barker



Transport
Kevin Travers



Projects & Programmes
Tom Hinchcliffe

FINANCIAL REPORT 2014/15

ENTERPRISE M3 LOCAL ENTERPRISE PARTNERSHIP: OPERATIONAL FUNDS 2014/15

2014/15		£	£
INCOME			
Core Funding grants (from government)			
	Core Funding	253,000	
	Strategic Economic Plan Delivery	250,000	
	Capacity Fund	38,550	
			541,550
Partner contributions			
	Local Authorities	90,000	
	Further Education	30,000	
			120,000
Specific one-off grants			
	Skills Funding Agency Apprenticeship Events	14,997	
	Business Pilot Simplification	40,825	
	Digital High Street Skills	86,000	
	Digital Simplification Toolkit	12,360	
	Transport Delivery Excellence	22,478	
			176,660
TOTAL INCOME			838,210
EXPENDITURE			
Employee costs			
	Staff salaries	297,432	
	Agency staff	292,648	
			590,080
Professional support			
	Due Diligence	51,245	
	Research, studies and consultancy	123,313	
	Stakeholder engagement and events	23,079	
	Sponsorship	9,166	
			206,803
Expenses and training costs			
	Expenses	24,440	
	Training	3,221	
			27,661
General administrative expenses			
	Postage	254	
	Printing and stationery	5,528	
	IT	6,896	
	Advertising	594	
	Membership	620	
			13,892
TOTAL EXPENDITURE			838,436
NET INCREASE/(DECREASE) IN FUNDS			(226)

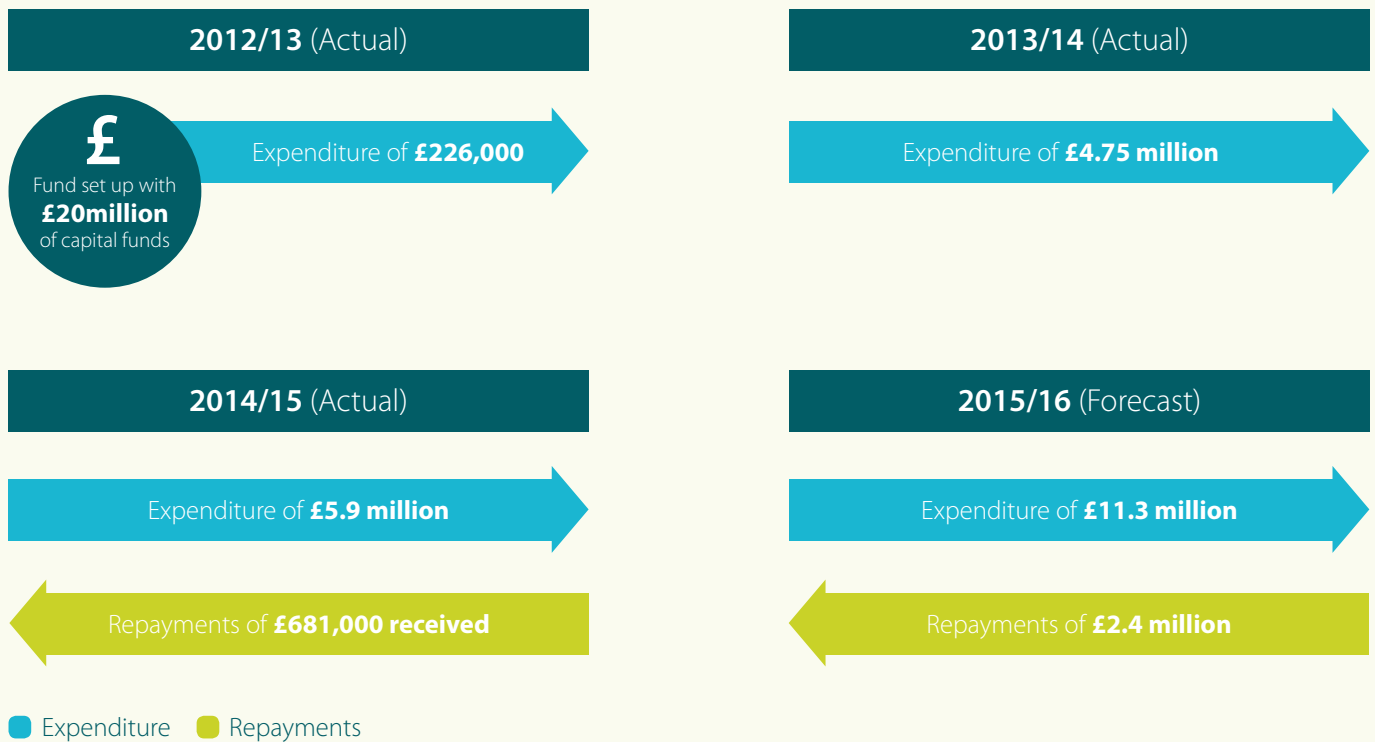
Enterprise M3's running costs are supported by a lean revenue budget funded through a combination of central government grants and contributions from local partners. This funding is used to support a small executive team and to support economic research and planning. The majority of this work is conducted by the executive team, with agency staff and external consultants used to complete specialist work and research. We share premises with partners and have minimal administrative and support costs. We also received one-off ring-fenced grants to support specific activities.

Costs are expected to rise further in 2015/16 and we have secured increased funding from local authority partners to support these. However, with government grants only committed until March 2016, a longer-term and enhanced government funding settlement is vital to our continued success.

Hampshire County Council is the Accountable Body for Enterprise M3 Local Enterprise Partnership and prepares and audits our accounts as set out in our assurance framework. The assurance framework and end of year accounts are available on the Enterprise M3 website www.enterprisem3.org.uk.

GROWING ENTERPRISE FUND

The Growing Enterprise Fund (GEF) was set up as a revolving fund with funding awarded to projects as repayable loans. The following graphic gives a summary of expenditure and repayments made since the Fund's creation, using money from the Growing Places Fund, in 2012.



In addition to the capital GEF fund, the Government also provided a **one-off GEF revenue fund** which has been used to date in line with Government requirements to cover costs associated with supporting delivery of the capital projects funded by the capital GEF. In **2014/15** these costs **totalled £106,434** of which **94%** related to staffing costs and due diligence work. At the end of 2014/15, this fund had a closing balance of **£1.4 million**.

LOOKING AHEAD

2015/16

2015/16 will be a vital year for Enterprise M3. It will see Enterprise M3 spend its initial allocation of £35.3m Local Growth Fund on 16 capital projects across the area. We are in a strong position to deliver on these projects, and expect to have legal agreements signed by the end of June 2015.

This first tranche of Local Growth Fund projects will include:

- The Enterprise M3 5G Project
- The Enterprise M3 Growth Hub
- Six linked skills centres spanning the Enterprise M3 area
- Four major transport projects and an initial £4.3 million sustainable transport programme

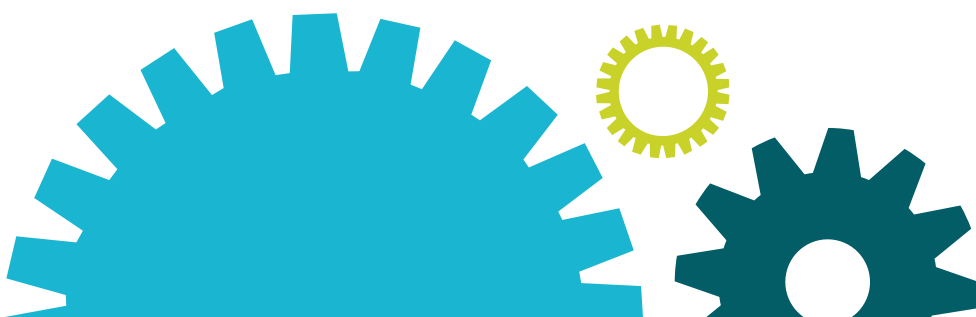
It will also see the commencement of the first projects funded through our European Structural and Investment Fund programme. This will include initial calls for our ERDF programme focussed on innovation and enterprise activity, an ESF programme, involving close working with the Skills Funding Agency, the Department for Work and Pensions and the Big Lottery Fund, and the commencement of our EAFRD programme for businesses in rural areas.

In addition to ensuring we deliver on our current commitments, Enterprise M3 is strongly focused on ensuring that future priorities are coherent and reflect the need for an ambitious, joined-up and long-term plan to maintain the Enterprise M3 area as an internationally competitive location and a great place to do business.

Following the success of our Strategic Economic Plan, and our resulting two Growth Deals in 2014/15, we have looked at developing a strong set of priorities for future activity. We will be developing these priorities further across the summer of 2015 to produce targeted prospectuses for future investment and activity by the autumn.

During 2015/16, we will:

- Continue to work with Greater Thames Valley LEPs and others to identify and to gain investment and support for the strategic infrastructure required across the wider area.
- Focus on large scale infrastructure and other projects that can have a significant effect on the economy of the area, harnessing opportunities and dealing with barriers presented by the Sci:Tech Corridor and linked to the long-term vision of our Growth and Step-up Towns.
- Continue to work with both large businesses and with SMEs to understand the particular issues they face, to put their views forward to Government, and to work with them to find sustainable ways of encouraging growth.
- Maintain our focus on key and niche sectors, working with industry partners, universities and others to drive maximum value from our interventions.
- Continue to work in close collaboration with a range of partners, to break down boundaries and secure investment and freedoms which benefit the area as a whole.
- Focus on improving connectivity, intervening where needed to ensure businesses have the infrastructure they need to thrive, including super and ultra fast broadband.
- Continue our innovative approach around housing, working flexibly to bring forward major housing sites, to maximise the use of public sector land, and to find new solutions to delivery barriers.
- Work with FE colleges and other skills providers to ensure that we can attract, develop and maintain highly skilled individuals using a business-focused approach.



The Enterprise M3 Team

Enterprise M3 has a strong track record in the development and delivery of strategic economic investment programmes that are key to driving economic prosperity in the Enterprise M3 area.

This successful delivery is down to the small executive team led by Executive Director, Kathy Slack that is responsible for the day-to-day project management, administration and communications of work undertaken by the LEP.

This team is made up of employed staff, secondees from local organisations within the Enterprise M3 area and, when required, short-term contracted staff to deliver particular pieces of work.

Executive Director

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