



ENTERPRISE M3 ANNUAL REPORT

2016/17

www.enterprisem3.org.uk

FOREWORD



This has been another exciting year for Enterprise M3 and I am delighted to present our 2016/17 Annual Report.

This year has seen significant changes in national policies, not least the outcomes of the EU Referendum and the General Election. We continue to work with partners and businesses to understand the potential impact of Brexit and we know Enterprise M3 is in a determined position to help drive economic success as we leave the EU. We are already forging ahead working with local and government partners to strengthen our position in terms of exporting and attracting inward investment. We also continue to work with our FE colleges and our universities on innovative ways of developing the best home-grown talent.

We are proud of our continued delivery record through a range of projects that support the economic growth of our area. Our Local Growth Fund investments in infrastructure, skills and innovation projects are already transforming the area, and we are seeing the benefits of this investment as these projects start delivering the anticipated 7,000 new jobs and 4,000 new homes.

It is a mark of Enterprise M3's reputation for economic impact, competent management of projects and its ethos of open and collaborative working that the Government allocated a further £71.1 million of Growth Deal funding to Enterprise M3 this year - the second largest amount in the South East. This further funding will build on the momentum of delivery we already have and will deliver the creation and safeguarding of more than 15,000 jobs and 6,000 additional homes.

There has been plenty to celebrate this year, and I would like to congratulate Kathy Slack, our Executive Director, on receiving her OBE in recognition of her dedication and passion for championing collaborative ways of working with the private, public and not-for-profit sectors across the South East to grow and strengthen the economy. As she has said herself, this recognition reflects the hard work of all the Enterprise M3 team, our partners and businesses, and I would like to take the opportunity to thank you all for your continued support of Enterprise M3.

This will, sadly, be my final Annual Report for Enterprise M3 as my tenure as Chair comes to an end in July 2017. I have been very proud to represent an inspirational area that certainly punches above its weight, and to see the impact that this high performing LEP has achieved so far. I know that this is a never-ending journey of further progress, innovation and growth and I look forward to supporting Enterprise M3 and the new Chair as they continue this journey into the future.

Geoff French CBE

Chair, Enterprise M3 Local Enterprise Partnership

BOARD MEMBERS



Geoff French CBE
Chair of
Enterprise M3



David Axam
BT



David Barnes
Farnborough
Aerospace Consortium



Colonel Andy Barr
Armed Forces



Tim Colman*
Federation of Small
Businesses



Cllr Ferris Cowper
East Hampshire
District Council



James Cretney
Marwell Wildlife



Nick Elphick
Moncel Consulting
Limited



Jason Gaskell
Surrey Community
Action



Cllr Moira Gibson
Surrey Heath
Borough Council



Prof Paul Hogg
Royal Holloway,
University of London



Tim Jackson
Sparsholt and Andover
College



Andrew Lambert
Electronic Media
Services Ltd



Cllr Keith Mans
Hampshire County
Council



Cllr Peter Martin
Surrey County Council



Louise Punter
Surrey Chambers of
Commerce



Cllr Clive Sanders
Basingstoke & Deane
Borough Council



Mike Short
Telefonica



Cllr Paul Spooner
Guildford Borough
Council



Chris Tinker
Crest Nicholson

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* Tim Colman is Enterprise M3's SME Representative.
Board Membership as at 31 March 2017. We would like to take this opportunity to thank Zoe Gray, Christine Slaymaker and Malcolm Parry for all their support, insight and expertise during their time on the Enterprise M3 Board.

ENTERPRISE M3 – AMBITIOUS FOR GROWTH



The strength of our diverse economy is evident as our area's GVA continues to expand showing an expansion of 20% over the past five years compared to 17.8% nationally. But this is not a time to sit still. In order to maintain this momentum and reinforce Enterprise M3's competitive edge, we have to continue to invest in projects to ensure jobs are created where they are needed, businesses have the skilled talent they need to flourish, and individuals and their families can enjoy the quality of life for which Enterprise M3 is known.

This is not a time to look purely at internal markets, our economy has strong links internationally and competition, particularly from abroad, is fierce. We want to make sure our business base is fully equipped to face a world outside of the EU and we are stepping up our international and trade activity. We also recognise the pressure to identify how we nurture our own talent to meet the skills needed by business.

This report sets out many of our achievements with this year being particularly special as we start to see many of our Local Growth Fund projects coming to life with buildings and supporting infrastructure coming out of the ground. Businesses, our workforce and students are already seeing the benefits of these investments. Alongside delivery we have also been successful in securing more investment of £71.1 million, for new projects that will build on our work to date. We are now consulting with our partners on future policy direction in our Strategic Economic Plan.

We know our success creates growth both within and beyond our borders and I am proud of the work we have done with neighbouring LEPs on growth sectors such as 5G, future transport strategy and innovation.

Our partnership is defined by the way we work - what we term "The Enterprise M3 Way". Collaborative working and partnerships are at the heart of everything we do. The support we get from our

partners is extraordinary. The additional funding from key partners is of course critical but so are the short term loans of staff, the provision of meeting places, sponsorship of events and generally stepping up to help when we need to ensure our voice is heard. Thank you to everyone who has helped us be successful, deliver and create impact in this valuable economic area.

We are highly conscious of our need to be accountable. We pride ourselves on not only meeting but living the standards set out in the Assurance Framework for LEPs. As an ever evolving and improving organisation we have enhanced our transparency through publishing more information on our website and importantly made information more accessible. Board minutes, our register of interests, finance reports and details of our projects are all readily available on our website.

I would like to give enormous thanks to my board members and our management and action groups. Their active involvement and enthusiasm and most of all desire to do the very best for our economy is evident. Equally the LEP's success is a reflection of the continued professionalism; passion and commitment of my team.

Geoff French's tenure as chair ends in July 2017, although he will continue to work alongside us on a number of activities. Geoff will be greatly missed by all both locally and nationally. He has been a real driving force behind the LEP from the very early days. I would like to personally thank Geoff for helping us to shape our policy and our projects and for being instrumental in defining our culture and ensuring we remain one of the most highly regarded LEPs in the country.

A handwritten signature in black ink, reading "Kathy Slack".

Kathy Slack OBE
Executive Director

WHAT IS ENTERPRISE M3?

Enterprise M3 is a Local Enterprise Partnership (LEP), bringing together the private, public and not-for-profit sectors in a joint endeavour to drive prosperity in the towns and other areas adjacent to the M3.

OUR ROLE

Our role, set out by Government in 2011 for England's 38 LEPs, is to help determine economic priorities and lead economic growth and job creation within local areas.

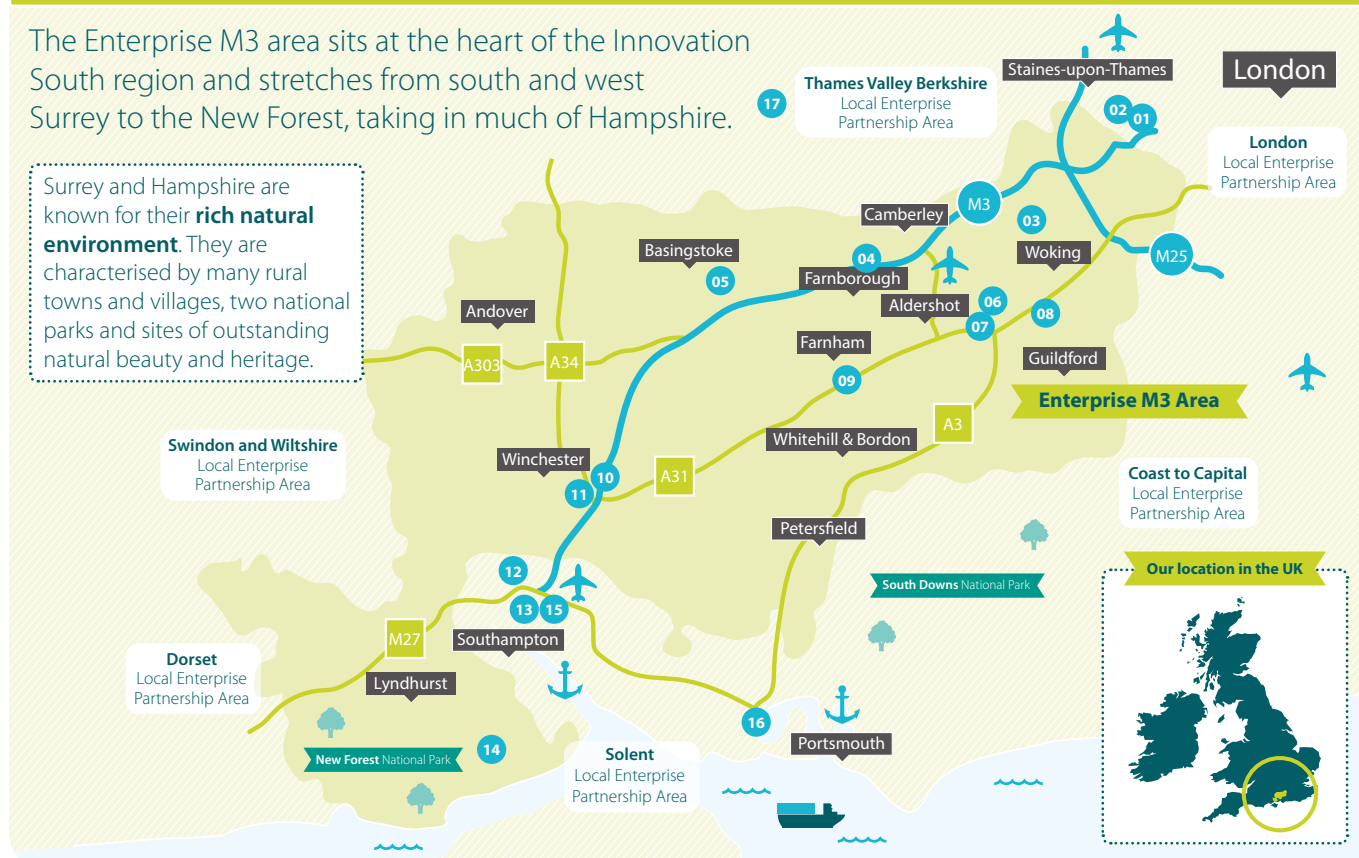
OUR VISION

Our vision is 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."**

THE ENTERPRISE M3 AREA

The Enterprise M3 area sits at the heart of the Innovation South region and stretches from south and west Surrey to the New Forest, taking in much of Hampshire.

Surrey and Hampshire are known for their **rich natural environment**. They are characterised by many rural towns and villages, two national parks and sites of outstanding natural beauty and heritage.



TRANSPORT HUB

Enterprise M3 is at the core of a transportation hub connecting UK businesses to the rest of the world. It is close to Heathrow, Gatwick and Southampton airports, and its own Farnborough Airport is one of Europe's premier business aviation airports. The ports of Southampton and Portsmouth are linked via extensive road and rail connections, which provide excellent access to Growth and Step-up Towns, and throughout our area.



75 stations



Heathrow, Gatwick, Southampton, Farnborough



Southampton, Portsmouth

EDUCATION / INNOVATION

- 01. Royal Holloway - Uni. of London
- 02. Brooklands College
- 03. Pirbright Institute
- 04. Farnborough College of Tech.
- 05. Basingstoke College of Tech.
- 06. University of Surrey
- 07. Surrey Research Park
- 08. Guildford College
- 09. Uni. for the Creative Arts Farnham

- 10. Sparsholt College
- 11. University of Winchester
- 12. Southampton Science Park
- 13. University of Southampton
- 14. Brockenhurst College
- 15. Southampton Solent Uni
- 16. University of Portsmouth
- 17. University of Reading



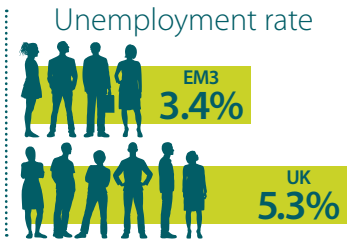
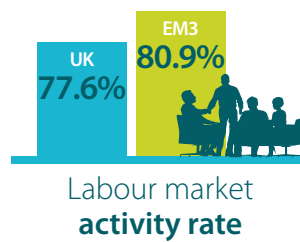
THE ENTERPRISE M3 ECONOMY - A NATIONAL ECONOMIC ASSET



GVA
(2.9% of UK)¹



Total export value² in
Enterprise M3 area



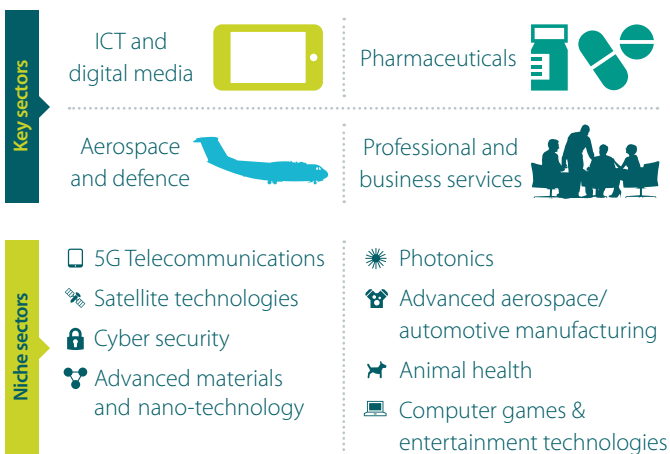
EM3 has **higher GVA** than most
UK cites inc.

Greater
Birmingham and
Liverpool City Region

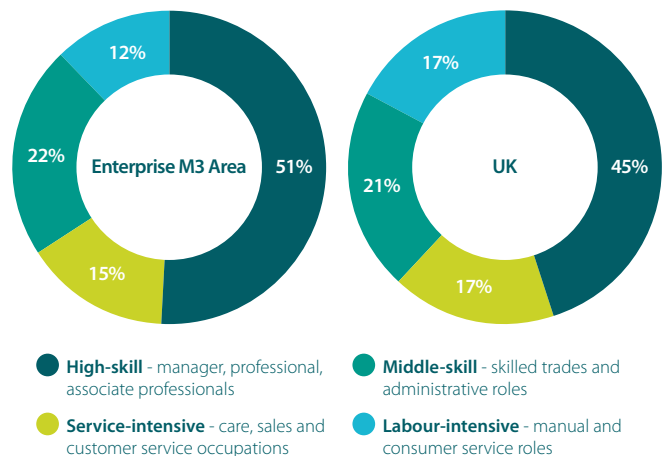


Largest concentration of
foreign owned companies
(1,000) outside London area
– attracting **47 successes** in
terms of **Foreign Direct**
investment³

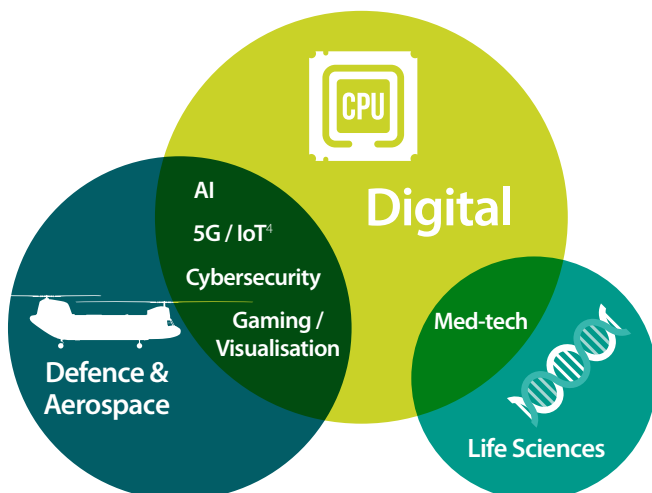
Key and niche sectors Enterprise M3 Area



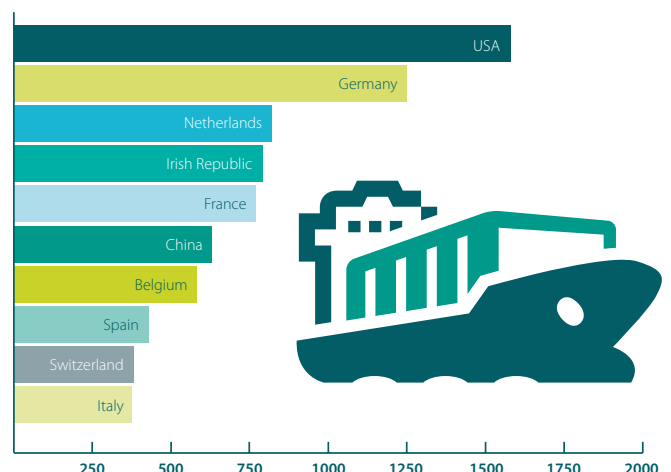
Job profiles Enterprise M3 Area vs England



Key sector representation in the EM3 area



Top 10 partner countries Export value² - £m



¹ Source: ONS data 2015. ² Export value for manufactured goods. ³ Department for International Trade FDI Successes 2016/17. ⁴ IoT - Internet of Things

Engagement with our business community is at the heart of all our work. We understand and know our businesses - their aspirations, their frustrations and their needs - this is essential to the way Enterprise M3 focuses its efforts, making a real difference to people's lives and the region's success.

This approach is built on the foundations of the way Enterprise M3 is governed and led. Our board members are highly experienced, senior representatives drawn from a diversity of private, public and not-for-profit sectors. They include leaders of SME businesses and representatives of the Federation of Small Businesses and Chambers of Commerce. Our Local Authority members, MOD and other representatives are regularly engaged in dialogues with businesses, and our not-for profit representative has a special interest in social enterprise. Our HE and FE representatives are helping us to shape provision to support our business future needs.

We draw on the commercial expertise of our private sector board members to chair and guide our major projects such as our Enterprise Zone (EZ³), Science and Innovation Audit (Innovation South), International work on inward investment and exports, and the refresh of our Strategic Economic Plan to make these ventures a success.

This year we set out to enhance our understanding of our regional economy through regular sessions with business support organisations. This business intelligence has kept us abreast of the reactions from all sectors to the Brexit implications and opportunities, informed our local industrial strategy and uncovered new opportunities to engage with diverse sectors in our area, for example in life sciences and with young entrepreneurs in gaming micro-businesses.



Hundreds of business people have joined us in conversations, discussions and debates at the numerous events Enterprise M3 has hosted throughout the year. This year's annual conference "Unlocking and Connecting Talent" continued the theme of seizing the opportunities of the digital age, with a lens focussed on skills and our workforce. The conference attracted a 300 strong audience with over half from the private sector. Lucy Adams Ex-HR Director at the BBC challenged us to rethink traditional HR policies in a volatile, uncertain, complex and ambiguous (VUCA) world and Penny Power The Business Cafe set out a vision for connecting digital leaders for tomorrow.

Other events, including an infrastructure conference; our VIP business event at Farnborough Airshow, (which attracted 40 influential business leaders); roundtable discussion on key sectors such as with the aerospace sector. This roundtable, in partnership with Hampshire County Council and hosted by Farnborough International, helped inform thinking around our Industrial Strategy and how we support supply chains and maximise collaborations across our area.

We are committed to continuing to listen and gather evidence from our business community to help us refresh our own Strategic Economic Plan; maximise the opportunities and mitigate the risks of Brexit; and ensure every one of our priorities and all of our investments support our economy to grow and prosper.

PERFORMANCE HEADLINES 2016/17

Success, delivery and impact have been the key themes for Enterprise M3 Local Enterprise Partnership for the 2016/17 financial year. Our reputation as a high performing LEP continues to be recognised by these three key themes and through our positive collaboration and engagement with all of our partners, including private and not-for-profit sectors. As the following headlines show, we:

Success

Secured the opportunity to create and safeguard a further 15,000 jobs and 6,000 additional homes, through the third Growth Deal allocation. We successfully bid and negotiated £71.1 million Local Growth Funding for the period 2017 to 2021- the second largest amount in the South East to build on our drive to deliver economic impact for the Enterprise M3 area.

Continued to successfully promote alongside government our European Structural and Investment Funds by launching a total of £20 million worth of funding opportunities, despite the challenges of the changing national context of Brexit, new government and the overall national programme.

Led a powerful consortium, Innovation South, to gain sponsorship and support from the Government's Department of Business, Energy and Industrial Strategy to deliver the "Science and Innovation Audit".

Delivery

Delivered the Implementation Plan for EZ³ our innovative and exciting multi-site Enterprise Zone at Basing View, Basingstoke, Longcross, Chertsey and Whitehill & Bordon, with our key partners from public and private sector.

Saw five Science Technology Engineering and Maths (STEM) skills centres complete construction and open across the Enterprise M3 area, with students enrolling onto STEM related courses.

Commenced the building of the £32m new permanent exhibition facilities at Farnborough in readiness for the Farnborough International Airshow in 2018. Made possible by our investment of £5 million from the Local Growth Fund as part of a £26.7 million loan to Farnborough International Limited.

Witnessed the final stages of delivery of three integrated capital investments totalling £25.3 million at Whitehill & Bordon, the relief road, the business and enterprise centre and the Future Skills Centre.

Celebrated £4 million investment from The Funding Escalator managed by The FSE Group, in 23 companies to create and safeguard nearly 400 jobs.

Impact

Unlocked economic growth through the investment of the Growing Enterprise Fund as a loan fund, enabling projects to deliver 793 new jobs, safeguard 418 jobs and 14 new

businesses created and repaid over £5 million back into the fund in 2016/17.

Engaged with businesses in our area to understand and enhance emerging entrepreneurial and innovative activities, develop our strategic priorities and guide our research at events such as Farnborough International Airshow 2016; our largest Annual Conference on digital talent; and our Infrastructure Conference.

Held our first Annual General Meeting, which enabled stakeholders to understand and applaud our achievements and allowed us to consult with them on our Growth Deal 3 submission.

Published the refreshed Commercial Property Study which provided us with a major analysis of employment land and needs across the Enterprise M3 area.

Researched the distribution and nature of life science companies within the Enterprise M3 area, determining Medical Technologies and Therapeutics Discovery and Development as regional specialisations.

Analysed and assessed the potential economic benefits of investment in various strategic transport corridors to the South East economy.

These and more successes are highlighted throughout this Annual Report and on our website www.enterprisem3.org.uk

ENTERPRISE AND INNOVATION

A hallmark of the Enterprise M3 area is its high value, high tech, highly skilled economy which is capitalising on the region's digital specialisms to drive innovation and growth.

Sustaining and enhancing the conditions which allow this regional specialism to thrive is key to the Enterprise M3 Enterprise & Innovation strategy. We continue to support targeted and integrated investments that capitalise on the area's strengths, particularly within our priority and niche sectors. We are working intelligently to target businesses operating across the digital sector, bringing together research excellence with emerging business innovation strengths as well as new technologies to drive up productivity and high-value growth. Our Growth Hub is at the heart of what we do and we know sustainable business support services is essential for high growth and innovative companies to succeed. We encourage businesses to shift towards a low carbon economy as part of our innovation led investment.

What we have achieved

Local growth fund projects

12

enterprise & innovation projects being delivered

£33m

allocated from the Local Growth Fund (2015-2021)
Matched by £179m other investment

Unlocking

5,980
NEW JOBS

780
NEW BUSINESSES



30,470 sqm
NEW COMMERCIAL, BUSINESS AND EXHIBITION SPACE

Enterprise & Innovation projects



Whitehill & Bordon Business and Enterprise Centre



Innovation and Enterprise Centre (Animal Health)

Conference & Exhibition Centre for Farnborough International Airshow

Energy for Life Marwell

Aldershot Games Hub

Wood Processing Grant Programme

Growth Hub

Regional Cyber Security and Big Data Innovation Centre Royal Holloway

Digital Connectivity for business

Centre of Excellence in Horticultural Science and Learning - RHS Wisley

Niche Sector incubation

✓ 2016/17 SUCCESSES

Invested £0.25 million in the new 5G mobile network emulator at the Basing View innovation hub, Basingstoke. The emulator is our first step in linking up hubs to the 5G Innovation Centre in Surrey and we are looking to expand to other sites in the future. Our continued priority for 5G mirrors the government's ambition that the UK should be a global leader in 5G so that we can take early advantage of its potential and create a world-leading digital economy. Providing our local tech start-ups and SME's in Basingstoke with direct access to state-of-the art indoor test facilities, businesses inside the Enterprise M3 community will have a leading advantage in the development of mobile applications capable of operating beyond 4G, along with the ability to demonstrate multiple test points onto the Test Bed to support mobile device, network infrastructure and network server interface suitable for development of new 5G capable products and services.

Invested £5 million in Farnborough International Limited. To support the £32 million development of the new 20,000 sqm conference and exhibition facilities, to be completed for the Farnborough International Airshow in 2018. This will make Farnborough a business events destination as well as the home to the most famous Airshow in the world - and so further promote international trade and business development on a global scale.

Saw SMEs in the Enterprise M3 area receive support to enhance innovation, growth, competitiveness and exporting opportunities through projects funded through European Regional Development Fund (ERDF).

£2.3 million has been invested in projects that consist of digital business acceleration hubs to support digital SMEs with high growth and high innovation potential, improved business support for SMEs to enhance their competitiveness, reach a greater international market through trade opportunities, and support to provide highly innovative SME businesses with ambition to innovate, to identify and overcome the barriers limiting their innovation performance. The projects were developed to complement each other and other Enterprise M3 initiatives and priorities, e.g. 5G investments and internationalisation work.

Awarded £1.5 million Local Growth Fund for Energy for Life at Marwell Wildlife. The project comprises a low carbon energy and waste management centre, along with a tropical house visitor attraction with public engagement space. Designed to reduce Marwell's carbon footprint of approximately 16%; bringing low carbon benefits, and stimulating the rural and tourism economy, along with STEM skills and partnership opportunities.

Kick-started greater opportunities for businesses to locate and grow alongside other innovative enterprises at the Whitehill & Bordon Business and Enterprise Centre, which completed construction at the EZ³ Enterprise Zone site. We invested £4 million LGF into the centre to create market confidence by attracting entrepreneurs and supporting local start-ups and small businesses, to create over 230 new jobs.

Saw significant increases in business engagement by the Enterprise

M3 Growth Hub. The Enterprise M3 Growth Hub supports new, innovative and growing businesses in our area's four priority sectors providing them with face to face coaching/mentoring/ business contacts and access to a portal of research information to support their growth through a highly connected influential group of Growth Champions/ business mentors. The Growth Plan face to face coaching tripled in the second year and there was almost a five fold increase from 70 to 330 engagement contracts. Businesses accessing the portal of research base increased steeply from just over 2,000 to over 7,000.

Celebrated the performance of The Enterprise M3 Funding Escalator, operated by The FSE Group, with 23 business securing over £4 million from the equity funding or loan funding scheme, creating and safeguarding nearly 400 jobs.

Led a large and diverse regional consortium, 'Innovation South', to promote and drive the South's outstanding commercial strengths in digital technologies. This "Science and Innovation Audit" has been an investigation into the region's outstanding economic assets and was sponsored by the Government's Department of Business, Energy and Industrial Strategy, as a new approach to driving regional growth. It was carried out by the 'Innovation South' consortium which embraces more than a 100 organisations, including businesses, 6 local economic partnerships, universities, research organisations and local authorities in 8 counties across the South

of England. These technologies are being deployed to drive innovation and growth in the region's high performing sectors, Connected Digital, Marine & Maritime, Bioscience, Advanced Engineering and opportunities to exploit these strengths have been identified, see case study.

Researched the size and nature of the life sciences sector within the Enterprise M3 area as part of developing and updating our insight into the local economy. Medical Technologies and Therapeutic Discovery and Development have been highlighted as regional specialisations, especially in diagnostics linked to digital technology and sensors. The work has produced an interactive map that gives details on all of the companies in this sector, and will be available on our website soon. This strong R&D activity aligns with government priorities, regional higher education

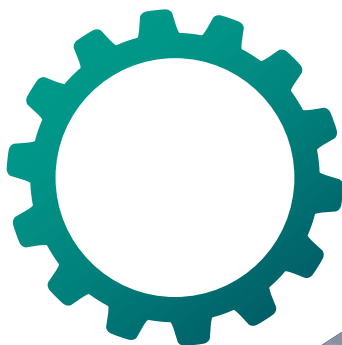
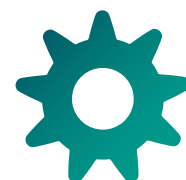
institutions expertise, and existing networks providing the opportunity for us to add value by supporting and championing growth in this innovative sector.

Established a Task and Finish Group with our key partners, including local authorities and Department for International Trade to consider how we could improve our approach to inward investment and international trade. The Group chaired by Andrew Lambert, Enterprise M3 Board Member, identified the need to pool resources and have a joint post to coordinate responses to enquiries which will improve new inward investment and increase international trade activity.

Established a strong partnership group between our partner universities University of the Creative

Arts, Royal Holloway, University of London, University of Surrey, University of Winchester, Southampton Solent University, University of Portsmouth, University of Southampton and University of Reading. We created a new role, Higher Education Project Manager, to support and maximise the positive impact and success universities have in economic prosperity and social and cultural life of the region.

Showcased the strengths of the Greater Thames Valley area at MIPIM UK 2016 (the major destination and property show) with Buckinghamshire, Oxfordshire, Solent and Thames Valley Berkshire LEPs. Using the opportunity to promote the wider area that enables us to attract and retain international business in this highly productive economic area.



Whitehill & Bordon Business & Enterprise Centre

In July 2016, a total of £26.7 million loan was secured for Farnborough International Limited to develop new permanent conference and exhibition facilities for the Farnborough International Airshow and for other major events throughout the year. This much needed facility will fill a key need for large scale venue space within our area. Enterprise M3 has been working with Rushmoor Borough Council, Hampshire County Council and Barclays Bank to secure this loan, and we have directly invested £5 million from the Local Growth Fund as part of the total loan.

Farnborough International Airshow is one of the world's largest aerospace and defence trade shows, and a showcase for the UK aerospace industry which is worth £29bn a year. Running over five days, the 2014 Airshow hosted over 1,500 exhibitors, welcomed over 100,000 trade visitors and saw orders with a total value of \$204bn, of which £12bn flowed

through into the UK supply chain, regionally and nationally. The public weekend welcomed a further 80,000 visitors from all over the south east region and beyond.

The development of the 20,000 sqm Exhibition & Conference Centre will be ready in 2018 to host the Farnborough International Airshow. It will create over 340 jobs and will host a number of other events throughout the year, attracting more visitors and investment to Farnborough and the surrounding area.

The investment of LGF from Enterprise M3 enabled this project to move forward, providing the confidence and impetus for the other partners to invest. The investment enables Farnborough International Limited to continue to provide an important international shop window to the world's export markets for aerospace, defence, space and security businesses.

Farnborough
Conference &
Exhibition Centre



In November 2016, the Innovation South consortium was recognised by government for its potential to lead world markets with its innovations in digital enabling technologies and selected to undertake a Science and Innovation Audit.

Enterprise M3 led the development of the consortia, bringing together a diverse mix of businesses from across the South of well over one hundred organisations from private and public sectors. Innovation South spans eight counties, two National Parks and more than 1,000 kilometres of England's coastline. From Dorset to Kent and from the Isle of Wight to the fringes of London.

Innovation South has many economic advantages and is a dynamic region for business growth. Across most of the area the concentration of start-up enterprises and the incidence of

high growth firms are well above England's average. Business setups outnumber business deaths and the share of national companies is larger than the national average. Much of the workforce is highly qualified and good numbers of people work in science, research, engineering and technology. Average earnings are higher than England's and there are impressive levels of productivity in some parts of the region.

The Audit considered the key strengths of the Innovation South region, identifying areas where we can work collaboratively across boundaries – geographic, sectoral and organisational to support business growth. The Audit looks across the Innovation South region, in particular at digital enabling technologies, which are critical to innovation; economic growth and global competitiveness for both Innovation South and the UK.

Innovation South has world-class research strengths and innovation capabilities in a portfolio of five powerful Digital Enabling Technologies:



Digital comms

including fifth generation (5G) wireless communications enabling a step change in the capacity, speed, stability and potential for innovation of internet systems.



Cyber security

the protection of data from theft, damage or disruption.



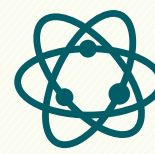
Big data analytics

the process of collecting, organising, analysing, visualising and optimising large, complex and dispersed data.



Photonics

involves manipulating light using lasers and optical fibres, and has revolutionised many areas including communications, medicine, aerospace and manufacturing.



Quantum

quantum devices, components and systems are based on the ability to capture and manipulate single atoms and particles of light.

The Audit demonstrates how these technologies are being deployed in four of the region's high performing sectors Connected Digital, Marine & Maritime, Bioscience, Advanced Engineering to drive innovation and growth.



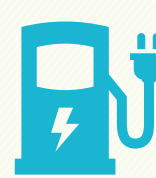
Connected Digital



Marine & Maritime



Bioscience



Advanced Engineering

These technologies and their application are an outstanding specialism for Innovation South. The results of the Audit identified five key opportunities to enable Innovation South to prioritise investment. These opportunities include knowledge-to-market accelerator, linking innovation hotspots, and developing supply chains, SME engagement and advanced talent with the technologies. This will put the region in

an excellent position to support national growth, global competitiveness and to step up to economic challenges ahead. Work is now in hand to work with members of the consortium to take these ideas forward and to promote the positioning of Innovation South and the key role the consortium can play in further developing growth that has impacts across the UK as a whole.

Enterprise M3 works closely with a range of partners. Our university partners are highly valued, key players in the economic prosperity, social and cultural life of the region and we have built on these partnership. Enterprise M3 recognises this important contribution and we are committed to supporting the success of our universities, maximising their positive impact in the region. Universities involved include universities from beyond our boundaries recognising the impact that the wider HE sector has on our economy.

The role of Higher Education Project Manager was established in March 2016 to support and develop closer collaboration between Enterprise M3 and its partner universities, Royal Holloway, University of London, University of Surrey, University for the Creative Arts, University of Winchester, Southampton Solent University, University of Portsmouth, University of Reading and University of Southampton, with a key focus in:

- **Promoting the strengths of our universities** and their contribution to the Enterprise M3 economy
- **Supporting business, innovation, enterprise and skills provision**
- **Maximising the success of the Enterprise M3 area in attracting and focusing investment** to support research excellence and innovation
- **Developing a strong and coordinated approach to business engagement** in areas of common interest
- **Identifying obstacles, such as inadequate infrastructure**, which inhibit university and business investment in research, innovation and skills development; and championing efforts to overcome them

This collaborative working means the perspective and contributions of the region's universities can effectively be reflected in Enterprise M3's strategic activities, through:

- **Investing for Growth** – investing Local Growth Fund in universities to drive commercial applications of their research.
- **Ambitious for Growth** - acknowledging the strength and contribution of higher education to the region in our Local Growth Deal Three bid.
- **Science and Innovation Audit** – university partners strongly supporting the Enterprise M3 led powerful consortium, "Innovation South" to deliver a Science and Innovation Audit across the South.
- **Life Sciences Business & Enterprise Survey** – we invested in an area survey of research & innovation – based health and life science enterprise, in partnership with the Institute for Life Sciences at the University of Southampton. This information enables enhancement of university / business engagement and an understanding of regional economic activity.
- **Supporting the Low Carbon Economy** – invited contributions from university partners to our consultation on how we should invest in and support our low carbon economy.
- **The Impact of Brexit** - working with and supporting partners to overcome challenges and identify opportunities, following the result of the EU referendum, using the higher education sector contributions to influence the shape of UK-EU
- **Board Representation** – ensuring the Enterprise M3 Board includes a senior figure from higher education, who brings a valued perspective to strategic decision-making.

Enterprise M3 regards the region's universities as key to the delivery of its vision. We will continue to further cultivate this partnership to maximise the benefits of our collaboration.



UNIVERSITY OF
SURREY

UCA
university for the creative arts

THE UNIVERSITY OF
WINCHESTER



University of
Portsmouth

UNIVERSITY OF
Southampton



University of
Reading

SKILLS AND EMPLOYMENT

Developing, retaining and attracting talent in a highly competitive jobs market is critical for the growth ambitions of our priority sectors, and for the Enterprise M3 area to remain globally competitive.

The Enterprise M3 area workforce is highly skilled and highly qualified. However, our businesses report significant challenges filling current and future skills needs with 12 % of businesses having at least one vacancy that is hard to fill, compared to 8% nationally⁵. We are continuing to help address this by creating progression routes to higher levels to meet the needs of high growth businesses and our changing economy by developing stronger links between schools, colleges and businesses. We support and encourage businesses to engage and inspire our current and future workforce to make informed and forward looking choices to develop careers in our priority sectors. This is a key foundation stone to building an environment where our businesses can flourish now and in the future.

What we have achieved

Local growth fund projects



9 skills projects
being delivered



allocated from
the **Local Growth
Fund (2015-2021)**
Matched by £31m
Funding for Skills

Unlocking



800
APPRENTICESHIPS



300
HIGH / DEGREE
APPRENTICESHIPS



100
— JOBS —



Skills projects



**Andover Technology
and Skills Centre**



**STEM Centre -
Brooklands College**



**Risual Microsoft
Academy**



**STEM Centre -
Brockenhurst College**



**Hampshire Centre for
the Demonstration of
Environmental Technologies**



Juniversity, Winchester



**Whitehill & Bordon
Future Skills Centre**



**University Centre in
Farnborough**



**Enterprise M3
Transforming Colleges**

University
Centre
Farnborough

'We support businesses to engage and inspire our current and future workforce to make informed choices to develop careers in our priority sectors.'

2016/17 SUCCESSES

Saw five Science Technology Engineering and Maths (STEM) skills centres completing construction and opened this year, at colleges across Enterprise M3 area, supported by £13.9 million Local Growth Funds. Increased numbers of students enrolling onto STEM related courses and benefitting from new state of the art facilities, with over 1,000 new learners starting on qualifications so far, of which 280 were apprenticeships supporting local businesses to grow and improve their workforce.

Made further £0.64 million Local Growth Fund investments into two priority skills areas. Investing in Risual Microsoft Academy at Sparsholt College, in partnership with Risual Education & Microsoft, a state of the art IT suite with the latest Microsoft Surface technologies to deliver critical digital skills and 60 IT apprenticeships to businesses in the Enterprise M3 area. Working with University of Winchester to support an experimental project, Juniversity, to raise aspirations in 8,570 primary school children over a 10 year period to follow STEM related careers and provide excellence in critical teacher development.

Welcomed the start of much needed projects funded by £4.2 million

European Social Fund (ESF) to work with our current workforce to further gain and develop skills to enable career progression and greater productivity. ESF funds further provided support to employers to take on and develop individuals to fill intermediate, technical and higher level skills gaps. The projects also support unemployed individuals to move closer to or into the job market by providing employer needed skills training and transferable skills, helping to fill the skill shortage. This also includes supporting people furthest from the labour market to improve their skills and set up a social enterprise business.

Contributed to the discussions on the delivery of efficient and effective Further Education as part of the Post-16 Area Reviews covering Surrey and North and Mid Hampshire. Led the work around the economic priorities of the areas and the requirements of business. Ensuring the future and current business needs are embedded into not just an efficient, but effective, Further Education sector for the area. Supporting the implementation of the recommendations, in particular where colleges are exploring mergers.

Delivered two employer Apprenticeship events, with funding awarded by the Skills Funding Agency.

The events were linked to the National Apprenticeship Week 2017 'Ladder of Opportunity!'. The events informed local businesses, both Apprenticeship Levy paying employers and SMEs, on the opportunities available to them through the Apprenticeship Programme. The events saw 15 new businesses engaging with Apprenticeships.

Continued to deliver the Careers and Enterprise Company's Enterprise Adviser Network to 18 schools and colleges in the Enterprise M3 area. With senior business leaders from the Enterprise M3 business community working strategically with schools to develop careers strategies to inspire and motivate young people and support them to make informed choices about their future. The network has gathered momentum and will be offered across the whole of the Enterprise M3 area in the next year.

Showcased the opportunities of the apprenticeship programme through the Apprenticeship Ambassador Network by presenting at a number of business events and schools careers events, supporting new businesses in the area to engage with the apprenticeship programme and share their best practice with their wider industry sectors.



Risual Microsoft Academy, Sparsholt

CASE STUDY

SHAPING CAREERS GUIDANCE WITH THE CAREERS & ENTERPRISE COMPANY

Good and accessible career guidance is critical if young people are to raise their aspirations and capitalise on the opportunities available to them. Our Skills and Employment Strategy highlighted that careers advice is a critical area of weakness in the learning and training market and our work to date has focussed on how we improve support in this key area.

We work with the Careers and Enterprise Company National Programme to inspire and motivate young people and support them to make informed choices about their future. High calibre local business people working directly with the senior leadership team in secondary schools and colleges are the vital ingredient in this network to support more strategic and effective connection to the world of work. The Enterprise Advisers are matched to schools and colleges in the Enterprise M3 area to provide support and guidance to the institution's career strategy from a business point of view.

Passion and enthusiasm are an evident characteristic of the Enterprise M3 Enterprise Adviser. Over 45 local leading business people are now engaged in the Enterprise M3

Enterprise Advisor Network with enterprise advisors from both small and large organisations ranging from the gaming sector, construction, military, and professional services.

Aspire Defence are working with Samuel Cody Specialist Sports College, a school where all pupils have a Statement of Educational Need covering learning difficulties such as autistic spectrum condition, global learning difficulties, hearing, visual, physical impairments etc. The partnership has developed to broaden pupil's experiences and add to the quality of the careers delivery that the pupils receive.

Aspire Defence have identified opportunities to re-work job profiles and careers within the Aldershot Garrison to support students from Samuel Cody once they leave education and are ready to start their careers. These newly defined job profiles will ensure that these young people with special needs are engaged in purposeful work playing to their individual strengths whilst delivering business needs.

The high quality Enterprise M3 Enterprise Adviser Network continues to provide positive outcomes for our young people and our local economy.

CASE STUDY

INSPIRING ENTERPRISE

A major new project aimed at boosting business opportunities for people not in work has been launched in the Enterprise M3 area. Funded through £725,000 European Social Fund and matched by the Big Lottery Fund, budding entrepreneurs in the Enterprise M3 area are invited to participate in the Inspiring Enterprise scheme.

The projects will help at least 500 unemployed and disadvantaged people take steps to set up a business or improve their work readiness.

Esi joined the Inspiring Enterprise project in January 2017 and has been working with her Inspiring Enterprise adviser to work on her business knowledge. Esi had experience of charity work supporting disabled people and identified an opportunity to develop disability equality. She set up her business Celebrating Disability. Esi continues to work with the Inspiring Enterprise project to develop her business.

You can find out more about Inspiring Enterprise at www.enterprisem3.org.uk/inspiring-enterprise-social-enterprise



Celebrating Disability
Making the unknown known
www.celebratingdisability.co.uk

"Inspiring Enterprise is a fantastic opportunity to offer unemployed and disadvantaged people a chance to increase their skills and confidence helping them into self-employment and social enterprise creation. We will provide a comprehensive package of support, including training, mentoring, enterprise clubs, one-to-one advice, etc. By supporting unemployed and economically inactive people to start and grow a business we hope to ensure sustainability and effectiveness in any new organisations created."

Liz Wright, WSX Enterprise Project Manager

HOUSING AND INFRASTRUCTURE

A good supply of quality, affordable housing is critical to driving the success of our area.

There is an urgent need for more housing to support our local workforce and employment projections suggest an increase of 33.6% over what is currently planned and needed⁶. Ambitious to release this economic potential, Enterprise M3 focuses investment in the housing and the commercial sector in comprehensive schemes that unlock developments. We work alongside organisations in both the public and private sectors to get businesses engaged in the local plan process. Our local authorities agree that housing growth is vital to our future prosperity. The Commercial Property Market Study highlights the concurrent need for adequate commercial space to ensure business growth is not hindered through a lack of suitable premises.

What we have achieved

Local growth fund projects

8

housing & infrastructure projects being delivered

£24m

allocated from the Local Growth Fund (2015-2021)
Matched by £383m other investment

Unlocking

1,150
— JOBS —

7,710 HOUSES

18,650m²
OF COMMERCIAL SPACE

Housing & Infrastructure projects

Invest for Growth Initiative
East Hants



Lower Thames Flood Defence



Aldershot Town Centre
Regeneration



Gateway to National
Parks



Invest for Growth
Elmbridge

SANGs Surrey Heath



Enterprise Zone
Programme



Hart SANGs



* UKCES, 2015

'We work alongside organisations in both the public and private sectors to get businesses engaged in the local plan process.'

✓ 2016/17 SUCCESSES

Saw construction begin at Chapel Hill, Basingstoke supported by a £2.19 million Growing Enterprise Fund loan to VIVID (previously Sentinel Housing Association). This residential development will accelerate the construction of 578 much needed new homes, of which 40% will be affordable, and offers considerable economic benefits for the area. It will create up to 80 new jobs and see increasing expenditure in the local economy from residents.

Celebrated the completion of the refurbishment of the Aldershot Enterprise Centre. WSX Enterprise was awarded £155,000 Growing Enterprise Fund to speed up development of the centre, refurbishing additional office, meeting space and updating the communications infrastructure, including superfast internet and modern telephony system. The centre will help nurture new

businesses and create jobs in Aldershot.

Unlocked much needed new housing through a loan to develop Sustainable Alternative Natural Greenspace (SANGs) in Hart.

Researched locations, in partnership with Hampshire County Council, to find modular housing companies sites for development/manufacturing facilities.

Supporting Government's agenda to encourage off site housing production as a way of accelerating house building

Continued to monitor the Local Plan process to raise awareness on the number of Local Authorities who have completed their Local Plan. We have support and enabled Local Authorities to get their Plan submitted to Examination. We have responded to Local Plan consultations in Guildford and Waverley.

Published the refreshed Commercial Property Market Study. The study looked at the current and future demands of the commercial property market, to guide future development and to identify the needs of businesses as we enter a world where different ways of working requires a different offer from property, see case study for further details.

Launched the multi-site, digitally-focused, Enterprise Zone, EZ³ – The London & South Innovation Valley. The Enterprise Zone comprises three unique sites at Basing View, Longcross and Whitehill & Bordon, all connected through the value of innovation, 5G communications, cyber security and sustainable technologies. EZ³ will attract more inward investment and accelerate high value business activities to stimulate economic vibrancy, see case study for further details.



Local Housing Development

In July 2016, an update to the study undertaken in 2013 was carried out on the Commercial Property Market in the Enterprise M3 area. The study looked at the current and future demands of the commercial property market, to guide future development and to identify the needs of businesses, as we enter a world where different ways of working dictate differing needs from property.

The work brought together property market experts from around the region with public sector policy makers to test and discuss the emerging trends in the commercial property market. The research was based on extensive economic and market data analysis and consultations which were discussed, tested and refined through a series of commercial property workshops. The work was overseen by our Land and Property Action Group

In summary the study identified:

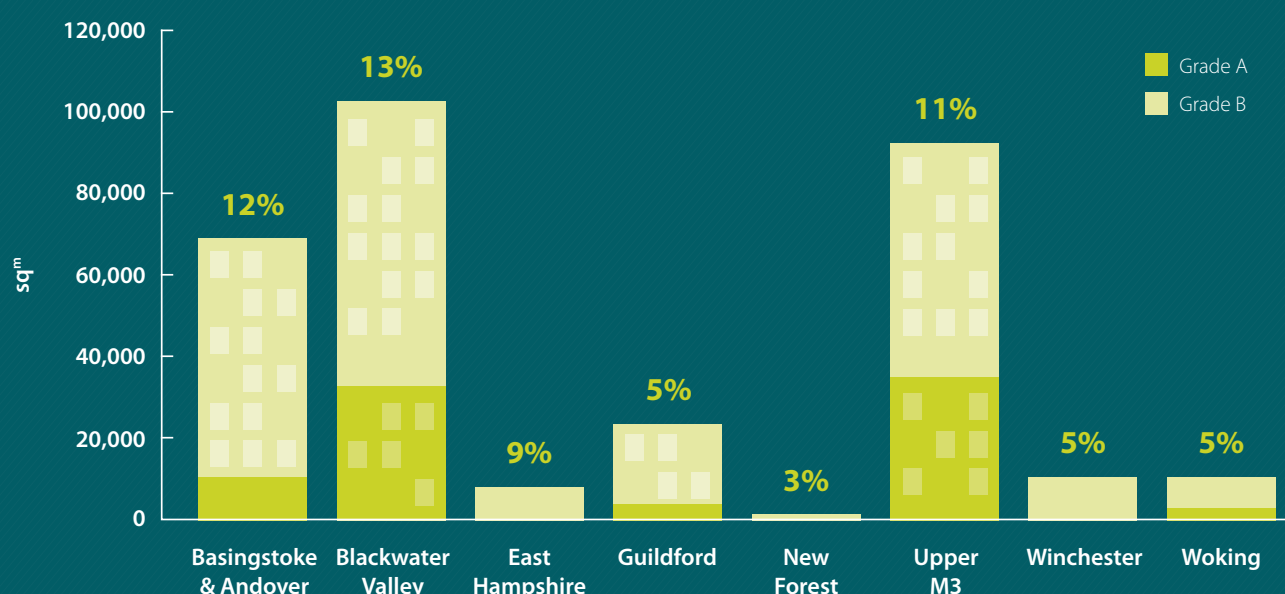
Recent growth in office base sectors has driven a strong increase in the demand for office space particularly in the north east of the Enterprise M3 area. In Woking and the Upper M3 the good supply of office space (Grade A) means that the market is working efficiently. In contrast in Guildford and Winchester the challenge has been the shortage of office space and sites in the town centres. In Basingstoke and Andover and large parts of the Blackwater Valley the challenge is an oversupply of lower quality, second hand

space (Grade B). East Hampshire sees the majority of demand from local SMEs and the New Forest has seen limited demand and limited new supply of sites when compared to the wider Enterprise M3 area. These differing needs require tailored approaches to the different market areas. The implication of this study makes a strong case for our support in addressing site constraints where sites are in high demand and in promoting the development of shared workspace for digital start-ups.

The study highlighted that more could be done to improve the process for monitoring inward investment activity across the Enterprise M3 area in order to ensure that available sites meet the demands of the key and niche sectors identified in the Strategic Economic Plan. This work has been taken forward as a priority in 2016/17, led by the Internationalisation Task Force which reported to the Enterprise M3 Board in May 2017. In partnership with Invest in Hampshire and Invest in Surrey, we are working on a joint plan to increase inward investment across the Enterprise M3 area which will be implemented in 2017/18.

The refresh of the commercial property market study continued to highlight the need for ongoing research and dialogue between the public and private sector to optimise the physical resources of the Enterprise M3 area to the benefit of businesses and the community at large.

Vacant office space by grade December 2015



In October 2016, Enterprise M3 signed a Memorandum of Understanding with Government confirming the commencement of the work to create an Enterprise Zone and submit an implementation plan by the end of the financial year, outlining our detailed plans to accelerate development across a multi-site enterprise zone.

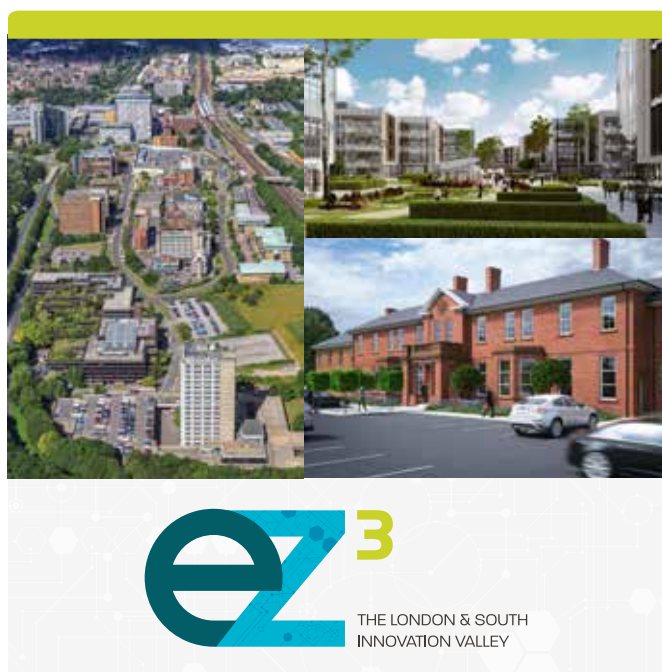
EZ³ – The London & South Innovation Valley, a multi-site, digitally-focused Enterprise Zone in Enterprise M3, comprising three sites - Basing View, Longcross and Whitehill & Bordon submitted its implementation plan at the end of March 2017.

The three component sites are connected through the value of innovation, 5G communications, cyber security and sustainable technologies. The Enterprise Zone reflects the collaborative approach taken by Enterprise M3 and our strong partnership with Basingstoke and Deane Borough Council, Runnymede Borough Council, East Hampshire District Council, Hampshire County Council, Surrey County Council, Crest Nicholson, Aviva Investors and the Homes and Community Agency, around our strong local and national reputation for enabling, creating, and driving the conditions for growth.

Additionally any business rates income growth (potentially £115.8 million over 25 years) will be held by the LEP and local partners to drive economic benefit. Overall we aim to deliver over 130 new businesses and 11,000 new jobs.

£10 million Local Growth Fund has been allocated to support the Enterprise Zone. This initial investment will help accelerate

the development and progression of priority interventions in the Enterprise Zone, enabling key projects to commence in year one of the 25 year programme. The Enterprise Zone status will strengthen our ability to attract more inward investment and accelerate high value business activities that will generate jobs and stimulate economic vibrancy, further building the reputation of Enterprise M3's area as one of UK's most desirable place to live and do business. The investment will help accelerate the transformation of the three sites into thriving communities with innovative businesses, making the EZ³ recognisable as The London & South Innovation Valley. More details can be found at www.enterprisem3.org.uk/EZ3



▼ The Government-backed Enterprise Zone will offer a range of benefits*

100%

business rates discount

worth up to **£275,000**
over a five year period



Exciting potential to work
with **5G Innovation Centre**
and take early advantage of
access to 5G Connectivity



High quality **Business Support** at each site



Excellent transport links
to London and the UK's
main airports of Heathrow
and Gatwick



A highly skilled and talented workforce,
with proximity to first-rate
academic institutions



R&D collaboration with world class institutes on
the doorstep



Expert support to help
access the **Government R&D Tax Credit scheme**



Access to global markets
through Department for
International Trade

*Access to financial benefits and incentives will be based on businesses meeting the eligible criteria

TRANSPORT

Transport is key to our area's success. The Enterprise M3 area is at the heart of a transportation hub connecting UK businesses to major UK markets and to the rest of the world.

The effective and reliable functioning of this strategic transport network is a priority for businesses, communities and visitors to our area. Our investment in transport infrastructures help attract businesses and their workforce, enable businesses to connect with each other and their customers and help unlock planned developments. Our investment in strategic transport networks plays a crucial role in supporting wider economic prosperity, improving productivity and competitiveness across the Sci:Tech Corridor and within our Growth and Step-up Towns.

What we have achieved

Local growth fund projects

18 transport projects
being delivered

£147m

allocated from the Local Growth Fund (2015-2021)
Matched by £366m Funding for Transport

Unlocking



33,000
— JOBS —



25,000
— HOUSES —



148,000m²
OF COMMERCIAL SPACE

Transport projects



Basingstoke
Corridors to Growth



Whitehill & Bordon
Relief Road



Guildford Town Centre
Infrastructure Package



Blackwater Valley
Gold Grid



A30-A31 Meadows
Gyratory, Camberley



Unlocking Guildford
Transport Package



Runnymede
Roundabout



Winchester
Station Approach



Woking Town Centre
Infrastructure Package



Local sustainable
transport



Aldershot Town Centre
Railway Station - Phase 1



Farnborough Growth
Package (A325)



Camberley Town Centre
Highways Improvements



SARP/Clay Lane
Link Road, Guildford



Guildford
Housing Zone

For reference some of the 18 projects have been packaged, for full list see www.enterprisem3.org.uk/projects



✓ 2016/17 SUCCESSES

Worked in partnership with Local Authorities and local LEPs on the development of the Sub National Transport Body, Transport for the South East (TfSE). The proposed TfSE will cover Kent in the east through to Hampshire in the west, up to West Berkshire and along to Slough. It will focus primarily on influencing strategic infrastructure investment to meet the area's transport needs, priorities and investment plans. Using the outputs from the Influencing Strategic Transport in the South East, outlined in the case study below, will be critical to ensuring that economic growth is central to this process. TfSE will also directly influence the decisions of national and regional infrastructure providers and operators including Network Rail, Highways England, ports, airports. Area decision-making will also allow for a more integrated approach in delivering local transport improvements, and will enable strategic planning and implementation of measures to support the growth identified in local plans.

Welcomed the Government announcement in October 2016, and subsequent Airports National Policy Statement consultation to support the expansion of Heathrow recommended by the Airports Commission because of the major economic benefit this will deliver to the area. The backing of the Heathrow expansion is exactly what our businesses state they need with the success of the Enterprise M3 economy in Hampshire and Surrey depending heavily on the strong links to Heathrow Airport. However this success will only be realised if the necessary infrastructure is provided and this was highlighted as the key issue in the LEP response to this consultation.

In conjunction with neighbouring LEPs and local authorities we established Heathrow Strategic Planning Group to ensure we plan for the economic impact of Heathrow both now and in the future. Ensuring improved infrastructure, in particular rail connections to the west and south, are brought forward and delivered as soon as possible to capitalise on the increased employment potential. The Group is collaboratively working towards capturing the economic benefits as well as mitigating negative impacts emerging from growth at the Airport. The principles so far identified include: place making, environment, transport/infrastructure and socio/economic, with sustainability a central cross-cutting theme.

Invested £11 million Local Growth Fund on improvements to Woking Town Centre and Railway Station to improve accessibility and provide a vibrant town centre. The project will offer a more efficient, safe and pleasant environment for all users of Woking Railway Station by providing an excellent transport interchange between all modes. It will facilitate the use of active transport and ease congestion on the roads allowing for a more pleasant urban realm and increased business location in the town.

Saw construction begin on the Clay Lane Link Road in Guildford to improve access to the Slyfield Industrial Estate and aims to ease the current congestion issues, help existing businesses grow and encourage new businesses to relocate to the estate, which will help retain jobs and create new employment opportunities. The new road will release a brownfield site capable of delivering 1,057 new homes.



Celebrated the opening of the first Phase of the Whitehill & Bordon Relief Road providing access to the new housing developments. Invested £17.5m in the second phase of the road which will unlock the economic regeneration of the town and create the conditions for future economic growth and investment.

Responded to Highways England's discussion paper Roads to Growth and input into the Road Investment Strategy 2, which will decide investment priorities between 2021 and 2026. We welcomed the focus on the economy but highlighted the need for Highways England to be more responsive and engaged in the development agenda, particularly in respect of major housing sites that might come forward.

Worked closely with the potential bidders for the South Western Rail Franchise to ensure that it supports the vision for rail ambition and the central role rail should play in economic growth and that our ambitions for strategic rail investment are complemented by the bidders proposals. Highlighted the importance of the franchise being both robust and flexible in order to adapt to changing circumstances and engage fully with us in the growth agenda. Following the award of the franchise to First Group and MTR, continued this engagement so they are fully aware of local priorities.

2016/17 SUCCESSES

Hosted our second Transport and Infrastructure Conference. Nearly 80 delegates from both the public and private sector attended the event in Guildford, to hear about and debate the key infrastructure opportunities and challenges for the Enterprise M3 area, including the outcomes of the Strategic Transport Study and the findings from our commercial property market study.

Gave evidence as an expert witness representing LEPs at the Transport Select Committee on Urban Congestion. The focus of the questioning from the MPs was on how much businesses understood the cost of congestion and how they responded to this. We highlighted that businesses

managed their operation to minimise the impact of congestion, but that it can act as a barrier to economic growth and how LEPs can help by providing investment for infrastructure that creates an environment where sustainable economic growth can flourish.

Responded to the National Infrastructure Commission's Call for Evidence to support the development of a National Infrastructure Assessment of the UK's needs over a 30-year time horizon. We provided a focused response highlighting the need for investment in transport and digital infrastructure at a local and regional level, building on the work we carried out in the 4 LEPs Influencing Strategic Transport

in the South East study. We also emphasised that a coordinated and integrated approach to infrastructure is needed to unlock and regenerate prime sites and the key role Enterprise M3 is playing in supporting 5G development and business in cyber security and big data at a strategic level.

Queen Elizabeth
Country Park
Cycle Path



Enterprise M3's transport network plays a crucial role in supporting economic prosperity and competitiveness. Enterprise M3, Coast to Capital, Solent and Thames Valley Berkshire Local Enterprise Partnerships analysed the importance of transport to the South East economy. The study concluded that improved connectivity will facilitate continued economic expansion of up to £20 billion to the South East economy. This will be achieved via increased productivity, improved access for workers to labour markets and similarly providing businesses with improved access to a larger pool of qualified workers.

The assessment focussed on the wider economic impacts of the strategic transport corridors and, specifically, how these can help boost connectivity and productivity in the region. These corridors address the lack of orbital connectivity around London and the need to link better to ports and airports.

The area is identified as a fast-developing 'hi-tech' sector characterised by high levels of productivity. This is forecast to increase considerably in the future, and enhanced transport connectivity will be essential to unlocking its potential. The region's transport networks are already operating at or near capacity, as evidenced by the regular reports of delay and congestion. Future growth will be choked off without further investment.

The study estimates that the benefit to the economy would be up to £20 billion per annum, with more than 100,000 new jobs created. This additional economic activity would see the Government gain additional revenue of £1.2 billion

a year from personal income taxation and just under £1 billion a year from corporation taxation. Conversely a failure to invest in congested transport links could seriously hamper economic growth.

We, in conjunction with our partner LEPs, took this message to Government, highlighting the evidence that investment in this part of the country will produce a greater return than elsewhere, with the consequent benefits to the wider economy. The Government needs to commit to spending on infrastructure in the South East to progress these nationally important schemes that better connect local economies and strengthen connectivity to markets.

The 4 LEPs were invited to meet with Andrew Jones, Parliamentary Under Secretary of State for Transport to put forward the case for investing in strategic transport infrastructure in the South-East, by bringing the conclusions of the Study to the attention of the Minister.

The Minister was very positive about the study, emphasising that this was exactly the sort of bottom-up approach that he was seeking to encourage. He suggested that the LEPs meet with Network Rail and Highways England at a senior level to confirm the specific rail and road corridors highlighted in the study and discuss how to commence the process of developing solutions to achieve the connectivity and secure the economic growth that we believe can be achieved. These meetings have taken place and provided a strong foundation for taking the investment priorities forward through the emerging Sub-National Transport Body, Transport for the South East.

STRATEGIC TRANSPORT



THE RURAL ECONOMY

A significant part of the Enterprise M3 area is rural. A third of its 1.6 million residents live in the countryside and, out of 38 LEPs in England, Enterprise M3 has the seventh highest number of rural business premises, providing 15% of the area's economic output.

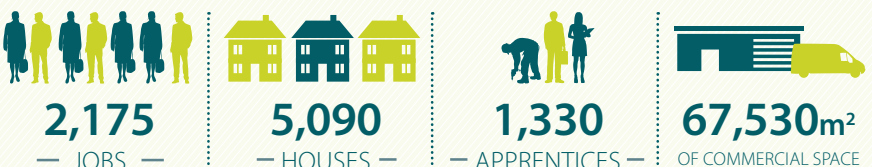
The value and beauty of the area's outstanding natural landscapes are recognised in the New Forest and South Downs National Parks, which covers 26% of the area. The visitor economy is a strong driver of local economic growth and supports 8% of all employment. The rural economy is diverse and includes a wide range of highly innovative and productive businesses. It faces a particular set of challenges, and our investments address these by balancing the need for affordable housing, high-speed broadband and transport solutions, with the need to protect and enhance the high quality natural environment.

What we have achieved

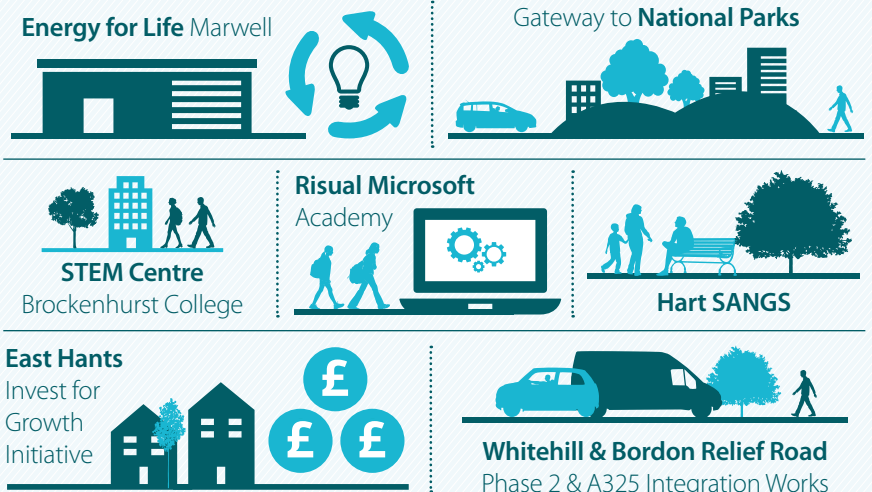
Local growth fund projects



Unlocking



Projects with a rural theme



Whitehill & Bordon Business and Enterprise Centre <hr/> Wood Processing Grant Programme <hr/> Innovation and Enterprise Centre (Animal Health) <hr/> Centre of Excellence in Horticultural Science and Learning - RHS Wisley	Whitehill & Bordon Future Skills Centre <hr/> Hampshire Centre for the Demonstration of Environmental Technologies <hr/> SANGs Surrey Heath <hr/> Whitehill & Bordon Green Grid, Green Loop	Liss Link of the Shipwrights Way Bordon <hr/> Petersfield to Queen Elizabeth Country Park Cycle Route <hr/> Whitehill & Bordon Sustainable Transport Package
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Hampshire Cheeses, Basingstoke

2016/17 SUCCESSES

Delivering over 2,170 new jobs and unlocking 5,000 new homes in our rural economy, through the investment of £49 million Local Growth Fund projects. The projects cover a broad range of rural economy including research and innovation in animal and plant health, low carbon and sustainability and the visitor economy. Supported by four new skills centres, projects to unlock housing through the provision of Sustainable Alternative Natural Green Space (SANGS), and investment in transport schemes in particular sustainable transport.

Launched £3.5 million European Agricultural Fund for Rural Development (EAFRD) calls to create jobs, drive growth and support innovation in the rural economy. The three priority areas for the funding programme include: Food and Drink Processing, Rural Business Development, and Rural Tourism Infrastructure, and projects will help new and expanding businesses in rural areas grow.

Saw three projects funded by over £600,000 EAFRD to support small businesses in the rural economy.

This included a rural office conversion at Bushey Down Farm, Droxford enabling farm diversification which will provide the space to employ approximately 8 people. Expansion of the capacity of Hambledon Winery to increase both levels of production and attract new business through the new visitor facilities. The provision of all-weather facilities to enable Chobham Adventure Farm park to grow its business by allowing visitors to use the facilities all year round.

Invested £0.8 million Local Growth Fund to develop new visitor facilities at Lepe Country Park. The project will help Lepe Country Park become self-financing through improved facilities including a café and retail opportunities and will include the delivery of a digital strategy for the park. To generate greater income and interest for the local visitor and rural economy. The project will include a new flagship visitor centre, staff and partner office facilities and will have the potential of creating 95 new jobs



Issued a Low Carbon Call for £2 million funded by ERDF to support SMEs to reduce their carbon footprint. The project will undertake Energy Audits, support the development of low carbon technologies through grant schemes and access to incubator space, supply chain development, and encouraging the development of clusters of low carbon businesses.

Researched and analysed rural broadband provision, mapping current coverage levels and gaps and identifying potential interventions linking to the wider work on the digital economy. This information will be used to inform future investment decisions for Local Growth Funding, with the longer term aim of enabling better broadband access and coverage across Enterprise M3 area.

Held a workshop on the theme of Sustainability and Liveability, facilitated by Rambolls Environmental based in the New Forest. The workshop explored how environmental issues can be embedded into regeneration and development and considered international examples of how successful this can be in developing places. The rural action group will use the outcomes of the themes to inform our future priorities and policy focus over the coming year.



Lepe Country Park

Enterprise M3 are refreshing the Strategic Economic Plan, as part of the refresh the Rural Action Group are looking to enhance the priority on Low Carbon, Sustainable Places and Connectivity in conjunction with local partners. This develops our aim of quality of life and an attractive environment to support our businesses grow. This priority reflects the need to reduce Enterprise M3's carbon footprint and support the wider economic growth strategy. Enterprise M3 has higher than national emissions of CO₂ and energy consumption per capita in the area⁷ and we need to tackle these environmental and economic challenges.

We are already investing in a range of projects and initiatives to support low carbon technologies to unlock infrastructural constraints on business growth and ensure that opportunities are exploited in the low carbon economy. We are continuing to develop this cross-cutting theme to further invest in projects that identify innovative ways to bring natural capital and the low carbon economy into mainstream thinking and activity delivery.

We have supported investments of £13.45 million in the low carbon economy and sustainable places through Local Growth Fund, European Regional Development Fund and the Funding Escalator.

Projects being delivered to support low carbon economy include those directly delivering innovation through renewable energy such as the Wood Processing Grant Programme, Energy for Life Marwell and Hampshire Centre for the Demonstration of Environmental Technologies. These projects will not only benefit sustainable technologies but have the potential to deliver over 160 new jobs within the sector.

Enterprise M3 places a strong focus on delivering integrated transport packages that promote sustainable transport and bring economic benefits to the region, along with significant environmental benefits. Our sustainable transport investment has seen improvements to walking and cycling routes, improvements to WIFI on buses and trains, all enhancing connectivity across our area that reduces our carbon footprint.



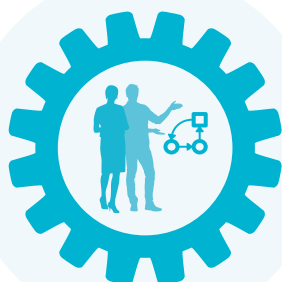
Energy for Life
Marwell

⁷ Local and Regional CO₂ Emissions Estimates for 2005 – 2011, Ricardo-AEA

STRUCTURE OF ENTERPRISE M3

The Enterprise M3 Board

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



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

Programme Management Group

Enterprise Zone Programme Steering Group

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.

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:

Strategy & Policy
Jude Robinson

Programmes & Housing
Rachel Barker

Skills & Employment
Sarah Carter

Enterprise & Innovation
Chris Quintana

Transport
Kevin Travers

EZ³
Mark Pearson



GOVERNANCE

Assurance Framework

Enterprise M3 operates in line with an Assurance Framework which is reviewed on an annual basis and is published on our website www.enterprisem3.org.uk/how-we-operate. The Assurance Framework is central to the way that Enterprise M3 operates and it determines the practices and standards necessary to provide assurance that decisions over funding are proper, transparent and deliver value for money. The Assurance Framework sets out the way that Enterprise M3 manages the public funds for which it has responsibility and we supplement this through the information available on our website, including information on all of the projects funded by Enterprise M3 www.enterprisem3.org.uk/projects and the publication of our Board Papers www.enterprisem3.org.uk/the-board. The Assurance Framework also sets out the roles and responsibilities of the Enterprise M3 Board and its wider governance structure, including the process for recruitment of new Board Members.

Enterprise M3 LEP's legal status is as an unincorporated partnership. Hampshire County Council is our Accountable Body and prepares our accounts as set out in our assurance framework. These accounts form part of their audited financial statements.

Nominations Committee and Board Recruitment

In November 2016, the Enterprise M3 Board agreed to establish a Nominations Committee which will set the policy for the Enterprise M3 Board on issues relating to the membership of the Board and its associated governance structures. The Nominations Committee is Chaired by Dr Mike Short CBE and other members are drawn from the public and private sector members of the Enterprise M3 Board. In 2016/17, a key piece of work has been to advertise and recruit new private sector Board Members and following an open advertisement with a high level of interest, we were delighted to re-appoint Andrew Lambert to the Enterprise M3 Board and welcome Linda Cheung to the Enterprise M3 Board. We have also recently welcomed Professor Paul Hogg to the Board, representing the Higher Education institutions in the Enterprise M3 area with Jason Gaskell representing the not-for-profit sector.

Action Group Chairs

We welcomed two new private sector chairs to our action groups. Mark Lebus, Managing Director of LC Energy was appointed as the chair of the Rural Action Group and Michael Knott, Planning Director, Barton Wilmore, was appointed as the chair of the Land and Property Group. They take over from John Jervoise and Malcolm Young who have led the groups effectively since the LEP started over 6 years ago.

Staff Recruitment

We have taken on two additional staff as responsibilities have increased. Mark Pearson joined us as the interim Programme Director for our Enterprise Zone and reports to the Enterprise Zone Steering Group and Sue Littlemore has joined us as our Higher Education Project Manager. Full details of our existing team are on the back cover of this annual report and full details on who to contact on issues is set out on our website.



FINANCE AND FUNDING

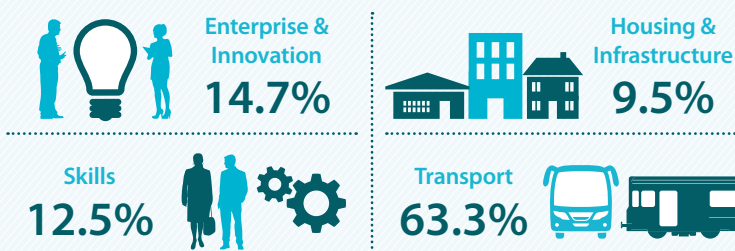
Enterprise M3 has secured significant programme funding to deliver our priorities as set out in our Strategic Economic Plan, supporting enterprise and innovation, skills, housing and infrastructure, and transport.

Local Growth Fund

We have secured **£219.1 million** Local Growth Fund through three rounds of Growth Deal. We invest this allocation as a grant and on a loan basis on capital investment which has the potential to bring considerable benefit to our local economies and support the achievement of the productivity-driven growth ambition.

	LGF Allocated (£m)	LGF Distributed (£m)	% of Allocation Distributed*
2015/16	35.3	28.7	81%
2016/17	40.8	40.2	99%
TOTAL	76.1	68.9	91%

% of £219.1m LGF allocated by theme



*Funding not distributed is carried forward into 2017/18 financial year to support delivery of projects.

Outputs

Delivering

Jobs	22,000
Houses	10,000

We have agreed housing and job targets with government, reporting quarterly on a range of performance measures including new business starts and new learners. Many outputs are delivered over the longer term (housing and jobs) but we have already created 928 jobs, 226 houses, 1,000 new learners and supported 915 new enterprises mainly through the work of our Growth Hub but also from other LGF projects.

Growing Enterprise Fund

The Growing Enterprise Fund is a revolving loan fund for projects requiring capital expenditure to accelerate economic growth. The total fund is £21.7m.

Total funding approved Year End 2016/17

£20,101,801

Total Spend at Year End 2016/17

£18,321,758

Repayments at Year End 2016/17

£6,371,933

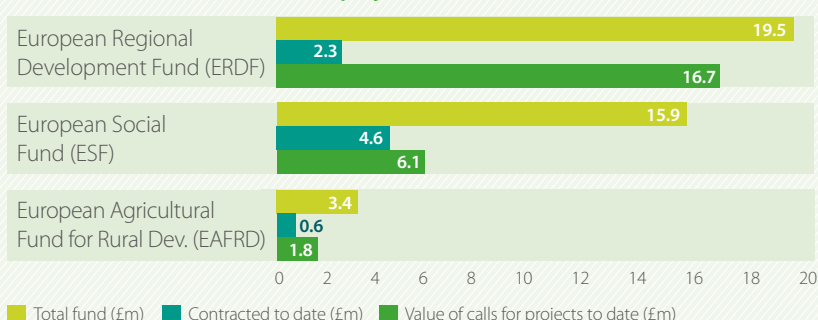
Delivering by 2020



European Structural and Investment Funds

Enterprise M3 has received a notional allocation of €50 million (approximately £42m) of ESIF, this is mainly revenue funding which is of particular significance to our area. The funds are managed by government in line with our strategic priorities. We currently have 10 projects being assessed by government which we are hoping will be contracted by December 2017. Government have committed to fund all projects that are contracted by March 2019.

Total Funds and value of calls for projects from ESIF funds:



FINANCIAL REPORT

Enterprise M3 LEP receives funding from central Government and local partners to support the day to day activities of the LEP, ensuring the delivery of the priorities identified in the Strategic Economic Plan.

Enterprise M3 does not solely rely on core programme funding from government, we continuously work to attract further funds and investment to support our work to enhance the Enterprise M3 area. The continued direct contributions from the local authorities, Universities and Further Education Colleges across Enterprise M3 provide a significant resource to undertake the work and activities to directly impact the area's economy.

We continue to strive to secure investment for our area. We were successful in attracting one-off income in 2016/17 to support specific projects and programmes. We also introduced application fees from successful bidders to the Local Growth Fund programme to ensure thorough independent due diligence is undertaken and contributions towards initial costs of the Enterprise Zone, this extra income supports the long term sustainability of the LEP.

The Financial Statements for the year ended 31 March 2017 were presented to the LEP Board in May 2017. They will be audited as part of Hampshire County Council external audit which will be completed in September 2017. Once audited the accounts will be available on our website www.enterprisem3.org.uk/how-we-operate

2016/17		2017/18 (Forecast)	2016/17 (Unaudited)	2015/16 (Reported)
INCOME		£'000	£'000	£'000
Central Government - Core and Capacity Funding		500	500	500
Central Government - Growth Hub Funding	Note 1	287	287	0
Local Government		236	238	213
Further Education		30	30	30
Higher Education		50	50	50
Project Income for specific in year projects		225	169	139
GEF Revenue Funds		22	31	0
Enterprise Zone loan funding	Note 3	250	0	0
EU Funding		47	47	0
Interest on capital fund balances		150	359	0
		1,797	1,711	932
EXPENDITURE				
Resource related costs	Note 2	879	735	292
Due diligence		100	58	98
Technical consultancy/Research	Note 4	222	94	459
Stakeholder engagement and events	Note 1	44	39	0
Office and General expenses		57	35	72
Accountable body support		70	35	35
Growth Hub costs		350	350	0
EU funded costs	Note 1	47	47	0
Enterprise Zone	Note 3	250	0	0
		2,019	1,393	956
NET INCREASE/(DECREASE) IN FUNDS		(222)	318	(24)

Note 1: The figures reported in the 2015/16 Annual Report, are included to indicate income & expenditure trends. Note the following in carrying out direct and overall comparison:

- 2016/17 actual & 2017/18 forecast figures shows activity from all revenue funds.
- 2015/16 figures show only activity relating to the LEP core operations.

2015/16 activity not reported includes:

- Growing Enterprise Fund costs of £233k, predominantly covering staff costs

- Growth Hub Government funding of income of £287k, % related expenditure of £350k
- Interest reserve interest receivable on capital balances amounted to £116k.

Including these would show 2015/16 income of £1,335k & expenditure of £1,539k

Note 2: 17/18 forecast figures include the contributions from LEP partners who provide staff without direct charge, totalling £85k. The corresponding charge is shown under "Staff Costs".

This information was not previously identified for comparison.

Note 3: Enterprise Zone expenditure is funded by a loan from Hampshire County Council and will be repaid from expected Business Rates Income Growth.

Note 4: Technical consultancy/Research expenditure include costs relating to the SEP refresh, Science & Innovation Audit and Internationalisation Plans.

ENTERPRISE M3 IN 2017/18

A key focus for the next year is our engagement with partners and business on the refresh of our Strategic Economic Plan which will set our priorities for the years ahead. Our plans for 2017/18 will see us gearing up our work around inward investment and exporting as we prepare to support our economy in the lead up to Brexit. The impact of our investments continue to create the environment in which our businesses can flourish and we will see the delivery of further Local Growth Fund projects. We will continue to actively press the case for investment into our area but also will be working closer with other LEPs and partners at presenting the case for the South. The Enterprise M3 Way will be embodied through the refresh of our Strategic Economic Plan and we are excited by the reinvigoration of our investment priorities.

We will continue to invest in success and be ambitious for growth in 2017/18 by:

- **Consulting with partners and businesses to gather an economic evidence base for the refresh of the Strategic Economic Plan**, enabling us to strengthen our policy response and continue to bring together local stakeholders to make change happen.
- **Leading the Industrial Strategy agenda at a local level, with an emphasis on sector deals**, in particular, for the Aerospace and Defence sector and for the digital sector, which will look to develop far stronger effective linkages in the supply chain and with trade partners.
- **Collaborating with our local stakeholders to mitigate the impact of Brexit and maximise the strengths** our area has to offer businesses in terms of exporting and inward investment, we will be delivering the new Internationalisation Framework by establishing a joint post to coordinate enquiries and provide the 'red carpet' treatment to new and existing investors.
- **Seizing the opportunities of Digital Enabling Technologies for Innovation South**, as their application is an outstanding specialism, putting the region in an excellent position to support national growth, global competitiveness and to step up to economic challenges ahead.
- **Engaging with opportunities afforded by potential new Institutes of Technology** to develop higher levels of STEM skills to meet the future business needs, by working with our Further Education Colleges, Universities and businesses.
- **Working with Transport for the South East, the Sub National Transport Body**, and Government to accelerate the potential investment in essential strategic infrastructure schemes for our area and the Greater South East economy.
- **Attracting investment, innovation and enterprise to EZ³, the multi-site enterprise zone**. Accelerating investment into the three sites to maximise opportunities for inward investment and business growth.
- **A key task for the Nominations Committee in 2017/18 will be to lead the process to recruit a new Chair for Enterprise M3**. This work started in April 2017 and an announcement on Enterprise M3's new Chair is expected in July 2017.



Enterprise M3 at the heart of successful collaborative growth. Driving economic growth by showcasing success, highlighting opportunities and inspiring thinking.

At the heart of this success is our executive team, led by Executive Director Kathy Slack. The team is responsible for the day-to-day project management, administration and communications of work undertaken by the LEP. Thank you to the secondees from local and national organisations and short-term contracted staff who helped us make the big things happen.

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Connect with us



Enterprise M3 would like to thank all partners who have contributed to our Annual Report 2016/17
Printed on FSC certified paper, responsibly sourced paper to protect our environment