

Enterprise M3 Board

28 November 2019

Enterprise M3 Chief Executive's Report – Item 13

1. Local Industrial Strategy

- 1.1. An update report on progress and the next steps in the development of the local industrial strategy (LIS) in included on the agenda under item 6. A comprehensive evidence base has now been assembled for consideration by the Government's Analytical Panel in early December. This includes findings from several of the major pieces of analytical work that have been commissioned including on towns, skills, the low carbon sector and promoting innovation and enterprise in our priority sectors.
- 1.2. The six LEPs within the Greater South East (Hertfordshire, Thames Valley Berkshire, Enterprise M3, South East LEP, Solent and Coast to Capital) have worked with consultants to develop a common shared evidence base and narrative, which can articulate clearly what the Southern LEPs together bring to the national economy and how they can work better with London. This initial statement will be a common backdrop for Local Industrial Strategy discussions with Government.
- 1.3. Clearly, whether such discussions take place as has been envisaged to date will be dependent on the decisions made by the new government after the General Election. However, the work that has been undertaken on the evidence base, the engagement that it has stimulated with partners and stakeholders and the discussions that have begun about possible interventions to address issues and seize opportunities will stand the LEP in good stead regardless of those decisions.

2. LEP News

- 2.1. Dave Axam has written to BEIS Minister, Nadhim Zahawi and MHCLG/LEP/Northern Powerhouse Minister, Jake Berry confirming EM3 LEP's compliance with the Strengthened LEP policy. This is in reply to a short letter to all LEP Chairs from the Ministers' private office on the 5th November explicitly requesting, by December 12th, confirmation that boundary issues were being resolved and board diversity targets were being met. Both letters are attached.
- 2.2. The new CE of the LEP Network, Mark Livesey, takes up post on 2nd December and will attend the next meeting of LEP Chairs and CEs on 3rd December. Mark Brittain Chair of Herts LEP has been appointed Chair of the LEP Network and made several key meetings with ministers (prior to purdah) and with other influential bodies such as British Chambers of Commerce and the Local Government Association. Work is ongoing to prepare for a future new government.
- 2.3. Kathy Slack is leading work, with the vice chair of Coast to Capital LEP, Julie Kapsalis, on improving involvement of women in LEP activity. A successful event for female board members was held in October hosted by Julie Baker from Nat West. Plans are in hand for a communications campaign which will support board recruitment by all LEPs. Kathy Slack has been asked to present on the work of the Southern LEPs on diversity at the LEP Network meeting in December.
- 2.4. We have drawn up purdah guidance which we have shared with all staff and board members. Unfortunately, we had several meetings in diaries with MPs which have had to be cancelled.

3. Enterprise

- 3.1. Our work with key sectors is developing well and is bringing us into contact with a range of businesses with many more now reaching out to contact us, including several investment enquiries. Initial work around in depth auditing of the space sector has revealed that the number of businesses in this sector is far higher than those identified by the UK Space Agency. (105 companies) We think EM3 has over 140 organisations operating in upstream, downstream, ancillary and manufacturing sub-sectors. Out of these, a strong downstream presence has been flagged, with top earth observation capabilities and R&D.
- 3.2. We are working with a range of organisations (schools, academia, research institutes, start-ups and SMEs) to raise the profile of the sector with the objective of creating a functional ecosystem of space organisations.
- 3.3. We are identifying growth opportunities and working up a strong case to highlight investment opportunities in this important sector for EM3. We hope to submit a High Potential Opportunity to the DIT should they release a further round of HPO. We have created a LinkedIn Space Page (@em3-space), as well as a space-based

webpage on the EM3 site, and we continue to use Twitter to share news. Additionally, this work is exploring linkages with our other key sector around gaming, particularly Immersive Visualisation and Gamification.

- 3.4. We organised an event in partnership with the Hampshire Rural Forum earlier in the month to speak with a range of rural stakeholders into our Local Industrial Strategy. In addition we had presentations from Surrey colleagues, Hampshire County Council and Solent LEP. There was a range of feedback including the concern about the future of the LEADER programme, how can affordable housing schemes be supported and are small schemes the focus for the LEP, landscape management needed skilled people, closing gaps in skills training (hydraulics example). There was a desire for further detailed consultation (by discussion) and engagement with rural stakeholders.

4. Growth Hub

- 4.1. The Growth Hub service is performing well against KPIs so far this year, which is particularly encouraging in the context of a significant shift in focus since the increased activity commissioned by BEIS in relation to Brexit readiness.
- 4.2. The mid-year performance report was submitted to BEIS in October and showed good progress against annual KPIs. Highlights include;
- 155 businesses receiving medium intensity diagnostic and brokerage support (47% of annual target)
 - 120 businesses receiving high intensity business support (51% of annual target)
 - 5009 unique visitors to Growth Hub website (91% of annual target)
- 4.3. The Growth Hub continues to support the ongoing Brexit readiness work being coordinated by Enterprise M3 for the South Central cluster of EM3, Solent, Coast to Capital and Thames Valley Berkshire LEPs.

5. International: Inward Investment

- 5.1. The EM3 'High Potential Opportunity' (HPO) document for Gaming continues to be refined and developed according to feedback. The document is on schedule for completion in December 2019, it will then be presented to DIT's global embassy posts in a collaborative webinar hosted by EM3 and DIT. Current working title for the HPO is 'Immersive Visualisation and Gamification'. This will be the first stage in starting to stimulate interest in this sector and area.
- 5.2. EM3 hosted a delegation of representatives from Saudi Telecom (STC) on September 26th. The visit resulted from a DIT referral following collaborative work on our HPO document. STC interest towards investment in eSports, Immersive Technology and 5G made Guildford a natural fit for the visit. A day of presentations from relevant local SME's and academics was organised at the University of Surrey. Conversations between STC and local partners are ongoing.
- 5.3. **FDI** successes and opportunities set out in DIT's latest report show 7 new inward investments from 1 April 2019 (an increase of one over last month) and a pipeline of 38 'active ongoing projects' (managed by DIT and/or local partners). Of these there are 26 projects which are estimated to land within this financial year.

6. Clean Growth

- 6.1. At the end of September we hosted a table at the Business South's Annual Conference Director's Dinner. Dave Axam and James Cretney led a table discussion with a number of key clean growth stakeholders from the private and public sectors on the emerging clean growth element of our Local Industrial Strategy. The general response was that our direction of travel is the right one and there was a clear enthusiasm for these partners to continue to work with us to develop our thinking on the agenda.

7. Enterprise Zones

Basing View:

- 7.1. At Plot K/K1 the new Eli Lilly building is coming out of the ground, with the steel frame rapidly rising over the site <https://twitter.com/Ez3EnterpriseM3> Basingstoke and Deane Borough Council and its development partners Muse are considering several proposals for development of the plot which is situated on the upper side of the site – Benchmark – and are hopeful that this will achieve investment sign up soon. <http://rarecommercialproperty.co.uk/find-a-property/properties/64-benchmark-basingstoke>
- 7.2. The Village Hotel is nearing completion. The new management team recently ran a local recruitment day for new staff hosted at Bizspace, Belvedere House as well as promoting the gym and swimming pool facilities to new members. The hotel will also have co-working and meeting space for business users. Room bookings are now being accepted with availability from February 2020.
- 7.3. The promotion of Plot J for redevelopment has gone live, with a new '**Neon building**' offered through Rare and BDT commercial agents. If this is achieved it will increase the commercial space up to 45,000 sq feet at this site. <https://www.bdt.uk.com/find-a-property/properties/208-neon-basingstoke>

- 7.4. Elsewhere on this part of the EZ, the new owners of Mountbatten House (Plot X), Squarestone, have achieved planning consent for the refurbishment of the building and its iconic gardens. This will get underway in the new year with new tenants expected to move in from 2021. Arena is also progressing well with its refurbishment of Quantum House at Plot S, with occupiers already lined up to move in. The Southern Cross building at Plot L is now fully let, with new MOD occupiers taking the remaining space.

Longcross:

- 7.5. The construction of the new Discovery building is well underway and the new electrical power supply installation is progressing with Scottish & Southern Electricity contractors having reached Chertsey Road on the approach to the Longcross Park site.

Whitehill and Bordon:

- 7.6. The local authority is progressing its purchase of the Techforest phase 1 site from Homes England. There is currently clear interest from the BASE Innovation Centre occupiers to expand and phase 1 development can meet the need to provide the next stage accommodation in the area.
- 7.7. With the departure of our EZ Programme Director, Christian Cadwallader, EM3 has sought further interim support for the Programme Director role and has agreement from Hampshire County Council that a member of their Economic Development Team can provide leadership of the programme for the next few months. The LEP will then go out to recruit a more permanent Director in Spring 2020.
- 7.8. Significant work has been done by Fiona McMurray from the EZ team and Aleks Bennett from Finance on future business rates growth. This will be discussed with partners at the next EZ Programme Steering group with a paper on progress being brought to the January Board meeting.

8. Skills and Careers and Enterprise Company

- 8.1. Our Skills and Talent Action Group has now reached a multi-disciplinary membership totaling 17. In addition, we are inviting a few guests to each meeting to inform the agenda and share specialism. The group is using the skills survey work prepared for the LIS and Skills Advisory Panel work to start to draw up an action plan.
- 8.2. The Enterprise Coordinator team is continuing to raise the profile of Enterprise M3 through engagement with businesses who want to support their community and help prepare students for the fast-changing world of work. They are working with organisations such as the AA, Balfour Beatty, SSE, nDreams, Crowne Plaza, Places Leisure, Waitrose and Aspire. This is having a positive impact on the number of encounters with employers and employees, as well as experience of workplace offered to young people which will help young people join the workforce more effectively.

9. Transport

- 9.1. Following our response to the consultation on Heathrow Airport Expansion we have been focusing on lobbying Government to demonstrate a stronger commitment and greater urgency to Heathrow southern access. The necessity of a Heathrow rail link within the EM3 area has been re-emphasised after it emerged a congestion charge could be imposed.
- 9.2. Together with the Hampshire Chambers of Commerce and Surrey Chambers of Commerce as champions of local business we wrote to the new minister, Paul Maynard, who for the first time has responsibility for both Heathrow Airport expansion and southern rail access to the airport.
- 9.3. With his new combined responsibilities, we encouraged the minister to bring forward the delivery of a proposed Southern Rail Link to Heathrow as soon as possible
- 9.4. As Board members are aware a successful Heathrow Airport is crucial for the EM3 economy as a gateway to international markets. But there is a real concern that the new charge, which could be introduced when the third runway opens in 2026, will unfairly impact upon travelers, businesses and airport employees in Surrey and Hampshire. Without a reasonable public transport link, they would have no choice but to travel by car and pay the charge.
- 9.5. Since sending our letter the DfT has released strategic objectives for the scheme, including targets for reducing road congestion, affordability, boosting economic activity and connecting communities. Whilst the release of the objectives is welcome there remains a lack of any firm commitment or timescale for taking a scheme forward, or even identifying a preferred solution from the various possible options that have been identified. What we need to know is what is going to happen next.
- 9.6. Our representation to the minister has also been well received by the Heathrow Strategic Planning Group and Heathrow Area Transport Forum which are similarly pushing for a new rail line. Heathrow Airport Ltd have also offer to meet to discuss how we can work together to bring forward a scheme. We are looking to see if this discussion can be combined with ongoing work with HAL which is looking to ensure that appropriate synergies

are in place between their Economic Development Framework and our theme of gateway in the Local Industrial Strategy to ensure economic and surface access issues are fully aligned.

- 9.7. Other work on embedding transport in the LIS is also taking place as part of our evidence gathering and development. To this end we are planning a workshop in January, facilitated by the Design Council focusing on place and smart mobility. The aim is to increase our understanding and ability to plan for the most effective mix of smart mobility interventions in different types of place (large town, small town, rural) and for different purposes (health, education/study, business, deliveries/freight etc).
- 9.8. This will be a highly interactive and engaging one-day workshop, for up to 30 participants, to develop a shared vision for the future of surface opportunities for innovation through a design led approach.

10. European Funds

- 10.1. We hosted an ESF consultation event on 6 November to explore the needs and priorities for our area in preparation for the future ESF Reserve Funding calls. As an outcome there are 6 or 7 new specifications that will be developed informed by the findings of the Skills Survey.
- 10.2. There is one ESF direct call opening on 18 November and closing on 16th February 2020 in support of 'Digital Skills for the unemployed' worth £1.5m ESF. We are planning a partnering event on 16 January 2020 to support applicants funded under Technical Assistance.
- 10.3. The extraordinary ESIF Committee met on 14th November and supported the progression of seven outline ERDF applications to the next stage; After that, any future calls will come under the ERDF Reserve Funding pot. These calls will be run nationally; the preference will be given to fund large, strategic and multi-LEP projects. The timetable will be confirmed post elections with a launch expected around February 2020.
- 10.4. The EAFRD Reserve Funding calls are now open in support of 'business development', 'Food production' and 'Tourism Infrastructure'. These 3 calls will close on 16 February 2020. We are planning an EAFRD event on 14 January in partnership with our local authorities and Managing Authority RDPE to support applicants.
- 10.5. EM3 has been awarded £183,721 from a previous EU programming period (run by South East England Development Agency). This money can be spent on 'business support in the spirit of ERDF'. This funding should come to the LEP in January and we are debating how to invest the funding in support of SMEs.

11. Location of Office

- 11.1. The new offices are proving a great success, not only with our own staff but with several partners that are starting to drop in and work alongside us. In this last month we have hosted BEIS, LA staff, DiT, Growth Hub and consultants. We even hosted a delegation from Georgia who came to learn more about the LEP and Growth Hub as they wished to replicate our model of working. There is a real "buzz" in the office, and we have already made a few useful contacts with businesses who work alongside from the world of Medtech, Fintech and Cyber Security.

12. Team and Board Recruitment

- 12.1. We are very pleased to welcome Dr Jamie Mackay to the LEP team as our new Skills Strategy Manager. Jamie will play a crucial role in leveraging our partnerships with the education sector to develop programmes of work that will deliver the objectives set out in our SEP and emerging LIS. Jamie will also support Jeannie Satchell (and Sarah Carter when she returns) with the management of our Skills Advisory Panel.
- 12.2. Lee Danson has also joined the team to help with the contracting and systems work associated with the Business Readiness activity. Many will know Lee from her time with Surrey cc and her work in the early days of the LEP in helping us set up our systems and processes.

13. Business Readiness

- 13.1. Post 31st October, LEP and Growth Hub continue to implement enhanced business support, with a focus on preparations for possible slowdowns and/or potential economic shocks.
- 13.2. Leading work across 4 LEPs, we are initiating conversations with the 4 main banks and DWP; we are exploring specialised export advice and support with DIT, including the potential for overseas missions; we are looking at effective programmes of formal peer to peer business support and we are ramping up business intelligence gathering across the region with a focus on finding out what support businesses would value most.

Kathy Slack
Enterprise M3 Chief Executive
September 2019



Ministry of Housing,
Communities &
Local Government



Department for
Business, Energy
& Industrial Strategy

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5 November 2019

Dear Dave,

Implementation of the *Strengthened Local Enterprise Partnerships* recommendations

Following the publication of the LEP Review and revised assurance framework, we wanted to write in response to a number of pieces of correspondence received and feedback given to officials through the recent mid-year review process.

The National Local Growth Assurance Framework confirmed the process for compliance with the recommendations in the Review. In particular, the requirements of two thirds private board membership, one third female appointed board members and a maximum board size of twenty permanent members, are due to be reached by the end of the 2019-2020 financial year.

Due to the time already afforded to LEPs to ensure these targets are achieved, exemptions and/or extensions to this deadline will not be considered and hence any remaining issues will become relevant to the Annual Performance Review process.

Similarly, we are also clear that boundary overlaps must be removed. Confirmation of your boundaries is essential as we move forward and look to the introduction of the UKSPF, as well as to provide the necessary clarity of accountability for spending. Therefore, where it is still relevant, we would be grateful for a confirmed final proposal from you by 12 December. On the assumption that you provide this confirmed solution we will, in recognition of where we are in the financial year, pay one reduced amount of capacity grant funding. If you are unable to reply by then or do not believe additional time will lead to a resolution, there will be no further funding and we will look to set out a way forward at the soonest opportunity.

Yours sincerely,

RT HON JAKE BERRY MP
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15 November 2019

Dear Ministers,

Thank you for your letter of 5th November 2019. I am writing to you to as Chair of Enterprise M3, one of the highest performing LEPs, to confirm we have delivered against all aspects of the Strengthened Local Enterprise Partnerships policy.

We acted promptly to engage with neighbouring Solent LEP to agree and implement boundary changes ahead of the end of September 2018 deadline. We are on target to meet the diversity deadline of a one third representation of women on our board by March 2020 and half by 2023.

The two thirds business-led Enterprise M3 Board and the LEP team are committed to supporting vibrant businesses and communities throughout our area. The LEP's strategic investments in our knowledge-based, design led, digital economy, means our investment also significantly benefits other UK regions.

Last year Enterprise M3 LEP spent its full funding allocation of £37 million delivering more than 900 homes and more than 1,600 jobs. The LEP was also recognised by DIT for its expert help for exporters. Our long-term strategic planning, developed through wide consultation, was judged to be exceptional by Government.

The Enterprise M3 LEP area has high growth Space, Aerospace, Communications, Creative tech, Gaming, Defence, Artificial Intelligence, Security, Advanced Automotive, Professional Services and Immersive Technology sectors, and enhancing their productivity to drive growth for the region and the UK is a central part of our developing Local Industrial Strategy.

With our strong delivery track record, our priority is to seek clarity over future operational and programme funding post March 2021. We look forward to continuing to work with Government and local partners to invest in prosperity for businesses and communities across our region and the country.

Yours sincerely



Dave Axam
Chair, Enterprise M3 LEP