

## Enterprise M3 Board Meeting

31<sup>st</sup> January 2017

### Director's Report - Item 16

Enterprise M3 Board members are asked to NOTE the progress on the following activities:

#### 1. Strategic Policy Development

1.1. The Government launched their green paper on the **Industrial Strategy** on 23<sup>rd</sup> January. There is much in here that chimes well with our Strategic Economic Plan and Growth Deal, with a particular emphasis on capitalising on research and development and a focus on key sectors including 5G and engagement with business. LEPs will be asked to work with their Growth Hubs on supporting scale ups – an initiative we are already working on following a Scale Up Workshop last year that Tim Colman, Chris Quintana, Roya Croudace (Growth Hub) and Keith Robson (University Surrey) attended. There is a lot of mention on trade and exports – again we are working on to strengthen our approach through the Task and Finish International Group that Andrew Lambert chairs. This work concludes in April. We will table a paper at the Board meeting but have provided a link to the press release and the green paper. Responses are due in by 17<sup>th</sup> April.

<https://www.gov.uk/government/news/pm-unveils-plans-for-a-modern-industrial-strategy-fit-for-global-britain>

[https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting\\_documents/buildingourindustrialstrategygreenpaper.pdf](https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf)

1.2. There is an update on the review of our **Strategic Economic Plan** in the Board pack of papers. This work will support the Industrial strategy. The tender for the SEP review goes live on Friday 27 January.

1.3. We have several studies on-going that will contribute to the SEP refresh. We are working with ten other locations considering the impact of Brexit on our economies. The What Works Centre are carrying out the work. We are the only location in the South involved.

1.4. We commissioned some work into the Life Science sector and received the draft report before Christmas from the University of Southampton. The study has identified a particular strength in the Medtech area in Enterprise M3 especially around diagnostics. There is a particular link to digital technology and sensors. The work has produced an interactive map that gives details on all of the companies in this sector. Once finalised the details will be shared with the Board.

1.5. We were notified of our success in the Science and Innovation Audit before Christmas. We have secured funding from our partners to initiate the study work and a tender has been issued on behalf of the partnership. Sue Littlemore has worked with the consortium to agree a Steering Group made up of LEPs, academics from across our universities and businesses. We have started to get the initial results from the consultants, Technopolis, employed by government. The results already show strong strengths across the area as this extract on business growth shows:

- In terms of **business growth**, data from the ERC Growth Dashboard at LEP level (below) shows the dynamism of local economic areas within the SIA region. Several areas perform above the average of all English LEPs.
- For example, Thames Valley Berkshire having substantially better performance than the others in terms of businesses scaling up and Coast to Capital in terms of High growth firms. Startup creation in all LEPs within the SIA region (with the exception of Dorset) is

markedly above the average for all LEPs, although start-up survival rates look more similar and in cases are below the average. Enterprise M3 has the largest startup survival rate.

*Table 1 - 2015 ERC growth dashboard data for LEPs within SIA region, selected indicators*

Indicator	Coast to Capital	Dorset	Enterprise M3	Solent	South East	Thames Valley Berkshire	Average of all English LEPs
% of £1-2m T/O businesses in 2012 grew to a minimum of £3m by 2015	5.5%	4.9%	6.6%	6.2%	6.1%	9.1%	5.8%
% of 2012 start-ups survived to 2015	57.0%	55.0%	58.0%	57.0%	54.0%	56.0%	55.3%
% of surviving 2012 start-ups grew from <500k to £1m + T/O by 2015	1.3%	1.4%	1.4%	1.5%	1.7%	1.6%	1.6%
High growth firm incidence rate (2012 – 2015)	8.3%	6.7%	8.0%	8.0%	6.8%	8.0%	7.2%
Net Job Creation Ratio (2014-15)	0.8%	3.1%	2.9%	1.3%	2.8%	2.5%	2.6%
Start-ups per 10,000 population in 2015	51	39	55	61	45	60	43

## 2. Economic Impact

2.1. Board Members may recall the work that Rachel Barker is leading on which is looking at measuring and understanding Enterprise M3's impact. One strand of this work is to ensure that the Enterprise M3 team and governance structures are equipped with up to date economic intelligence that informs decisions on Enterprise M3's activity. Enterprise M3 receives high level economic information on a monthly basis and this is made available on our website. We have now identified a set of macro-economic indicators and now aim to present these in an accessible, one-page format for each Board Meeting. The first draft of this document has now been prepared and has been attached to this Directors Report at Annex 1. We aim to include this economic summary in Board Papers from March 2017 and would welcome any feedback/comments from Board Members on this draft. Comments can be sent to Rachel Barker ([rachel.barker@enterprisem3.org.uk](mailto:rachel.barker@enterprisem3.org.uk)).

## 3. Local Growth Fund/Growing Enterprise Fund

3.1. The Government announced the Northern Powerhouse LGF3 allocations on the 23<sup>rd</sup> January and will announce other regional allocations over the coming weeks. It seems likely our announcement will not be made until early February. We have been using the recent weeks to prepare for an announcement – details of these preparations are given in a separate paper. Press releases have been prepared, letters of thank you for our partners and MPs drafted and informal discussions with partners with prioritised schemes have taken place. When the announcement does come, it will mark a huge achievement for Enterprise M3 and we look forward to celebrating this success and delivering a range of new and exciting projects for our economy.

3.2. Our annual conversation with Government took place in December 2016 and Geoff French and Dave Axam represented the Board at this meeting. We are awaiting the formal summary from Government but we believe the meeting was positive and that we were well received. We anticipate that the revisions to our Assurance Framework are the final step in allowing us to draw down our 2017/18 funding allocation in April 2017. Following Tanja Aijo's departure at the end of the year, Rachel Barker is now responsible for the overall delivery of the LGF Programme and chairs our Programme Management Office. Key areas of work will be to ensure we meet the expenditure forecast for this financial year but also to ensure that we have a better understanding of project outputs/outcomes across the organisation. To help us

to do this, we are in the process of developing an outputs dashboard to sit alongside the expenditure dashboard that is presented to the Board.

- 3.3. The fifth round of our Growing Enterprise Fund was launched in October. We have had a number of enquires and expect an application to be submitted in the coming weeks. We are keen that our partners promote this scheme widely and the team are happy to speak to any interested applicants. We will undertake further promotional activity in the coming months.

#### **4. Housing and Commercial Property**

- 4.1. Malcolm Young, Chair of the Land and Property Group has indicated his intention to step down from the group at the end of the month, having served as chair of the group since its inception. His departure will be a huge loss for Enterprise M3 and Malcolm has played a key role in the development of the SEP, several key studies (including the housing and commercial property market studies) and in reviewing Growing Enterprise Fund proposals (before the establishment of the PMG). Chris Tinker has agreed to chair the group until a new chair is in post and we hope to seek Board approval for a new chair in March 2017. Key areas of focus for the Land and Property Group in the coming months will be reviewing and updating the Enterprise M3 major housing site maps, taking forward the actions of the Commercial Property Market Study and informing the SEP refresh. We are also investigating additional resource for the Land and Property Group, working to Rachel Barker as Rachel will be reducing her working hours from 1 April 2017.
- 4.2. The Housing White Paper is yet to be published and is now expected at the end of January 2017, the Land and Property Group will be considering this in detail once published. At the start of 2017 Longcross was included in the announcement of successful Garden Villages.

#### **5. Skills**

- 5.1. The second skills centre, at Brooklands College Weybridge campus, was officially opened on 9th December by Rt Hon Philip Hammond MP. The newly refurbished learning facilities include digital media, construction and learning resource space. Further skills projects are due to be officially opened and these include Risual Microsoft Academy at Sparsholt on Thursday 26<sup>th</sup> January and the Duke of Kent is due to officially open the second part of the Brooklands College project, the new Ashford Campus, on 7<sup>th</sup> February.
- 5.2. We have developed an ESF digital skills project, which will be published for procurement in February, to provide training and upskilling support for employed individuals in SMEs in the Enterprise M3 area. The procurement is being combined with Coast to Capital to support economies of scale for providers to deliver the programme and support the whole of the Surrey area.
- 5.3. The two Post-16 Area Reviews covering [Surrey](#) and [North and Mid Hampshire](#) have been published. We are working with colleges to support the implementation of the recommendations, in particular where colleges are exploring mergers. We are also looking to see where Growth Deal 3 funds can support these recommendations.
- 5.4. We have recently been awarded funding of £4,000, from the Skills Funding Agency to support two employer Apprenticeship events, one in Surrey, one in Hampshire. The overarching theme will link to the National Apprenticeship Week 2017 'Ladder of Opportunity!' and will incorporate information on the progression routes of apprenticeships, from traineeships through to Higher and Degree apprenticeships, and the opportunities available to employers with the Apprenticeship Levy. Further information regarding the events will be sent to Board Members in due course.
- 5.5. The Enterprise Adviser Network is to inspire and motivate young people and support them to make informed choices about their future. Enterprise Advisers are high calibre volunteers working directly with the senior leadership team in secondary schools and colleges to support more effective connection to the world of work. The Enterprise Adviser Network, part funded through the Careers and Enterprise Company, is gathering momentum. From the 18 initial schools and colleges identified we have matched 75% to an Enterprise Adviser and development meetings between the Enterprise Advisers and the schools are underway. We have identified further match funding to enable this programme to expand to other areas in

Enterprise M3. Schools and colleges in East Hants, Basingstoke, Andover, Guildford, Runnymede and Elmbridge have all shown interest in joining the network.

## **6. Enterprise and Innovation**

- 6.1. We have recently commissioned an independent evaluation of the Enterprise M3 Expansion Fund, operated by The FSE Group using part of the Growing Enterprise Fund. The work will conclude shortly but has found that in terms of the economic outputs achieved, the fund has performed strongly to date (exceeding forecasts for both jobs safeguarded/created and leverage). The evaluation recognises that the fund had a slower anticipated start but now has significant momentum and very strong relationships with the Enterprise M3 Growth Hub. We will be using the final report to shape our thinking about future access to finance support provided by Enterprise M3 and will be engaging with the Enterprise and Innovation Group, PMG and Board in the coming months.

## **7. Growth Hub**

- 7.1. Work on the Growth Hub continues with performance on an upward trend. Mike Rushworth, Chair of the Enterprise and Innovation action group and Chris Quintana have had several meetings with the Growth Hub and the action group have discussed ways of increasing performance.

## **8. Sub-National Transport Body**

- 8.1. Board members had an update on the developments of the STB at their last meeting and made recommendations for the geography to include Thames Valley. Since the last meeting Southampton, Portsmouth and the IOW unitary authorities have agreed to join. This is a positive step and important in ensuring the significance of the Solent has a voice as proposals are further shaped. In addition, the leaders agree that the M4 corridor and the Berkshire Thames Valley LEP area, covering West Berkshire through to Slough, is another key transport corridor, not least following the Heathrow announcement and they should also be involved. They are being invited to join.
- 8.2. So in geography terms the proposed STB will cover Kent in the east through to Hampshire in the west, including all the authorities in between and then, subject to a positive response to the invitation, up to West Berkshire and along to Slough. This means it will border Transport for the Economic Heartland.
- 8.3. CEs from all of the LEPs involved have been invited to a meeting on the 20th February to scope out next steps.
- 8.4. In addition to this activity the National Infrastructure Commission have launched a consultation into the strategic needs for the wider area. Hampshire County Council hosted an event with NIC on 20th January to draw out key issues from the geographic area covered by the STB. Their interest is in infrastructure needs including water, energy and flood defences as well as transport. In addition, there is an interest in the mobile connectivity needs in particular 5G.

## **9. Resourcing**

- 9.1. Since November 2017, we have said goodbye to Tanja Aijo and welcomed Toju Ogbé and Annie le Voeur to the team. Toju is our new Communications and Engagement Manager and Annie has joined the team as my new PA/Executive Assistant. Although they are both very recent starters to the team, they are already making a huge difference.
- 9.2. We will shortly be seeking approval from the Resources and Audit Committee to recruit a Digital Manager and for some additional expert support on land and property related matters. I am also reviewing the resources needed to manage the Enterprise Zone. The updated organisation chart is attached at Annex 2.

Kathy Slack  
Enterprise M3 Director  
24 January 2017

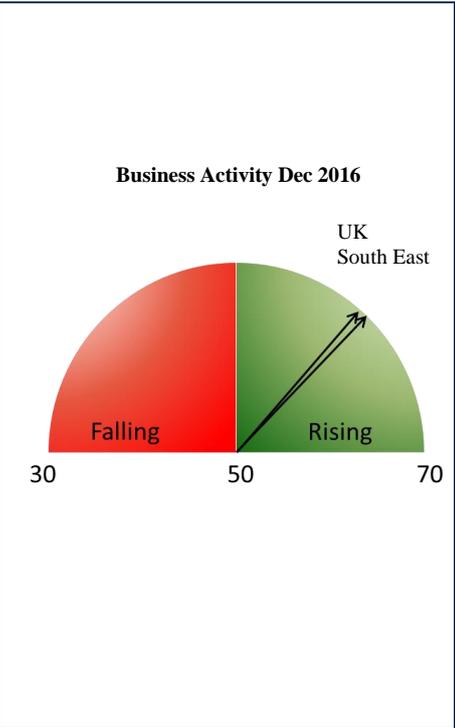
*Economic Overview*

**Economic data has remained broadly encouraging** following the EU referendum but **there are signs of weakening in the labour market**. The evidence from leading indicators is mixed.

**Nominal economic growth in Enterprise m3 in 2015 is estimated at 2.7%\***, marginally above the UK average. The **UK economy did better than expected in Q3 2016** (GDP growth was revised upwards to 0.6%). The pattern of growth continues to be broadly unaffected by the EU referendum but **economic growth continues to be driven by consumer demand** and the service sector.

Timelier evidence from business surveys suggests that business activity in the UK rose to a 17-month high. **Businesses in the South East made a strong finish to 2016**, reporting the fastest growth in activity in 20 months.

**Consumer confidence decreased** in November to the lowest level last seen following the EU referendum. **Business confidence** in both the South East and the UK has recovered slightly but it **remains deep in the negative territory**. **Subdued business sentiment is reflected in subdued business investment** which increased in the third quarter but at a slower pace than in Q2.



*Labour Market Overview*

**Employment decreased** slightly in both the South East and the UK but **unemployment also fell** on the quarter. A **small pick up in earnings was encouraging** but **UK inflation increased** to 1.6% in December, the highest level since July 2014.

The **number of people in employment in Enterprise m3 decreased by 8,900** in the year to September 2016 but at 78.1% the employment rate was well above the UK average. Survey-based **unemployment and youth increased** but at **3.5% Enterprise m3 had the second lowest rate in the South East**. **Forward looking evidence** points to a **solid rise in the number of people placed in jobs** by recruitment agencies in December.



*Business News*

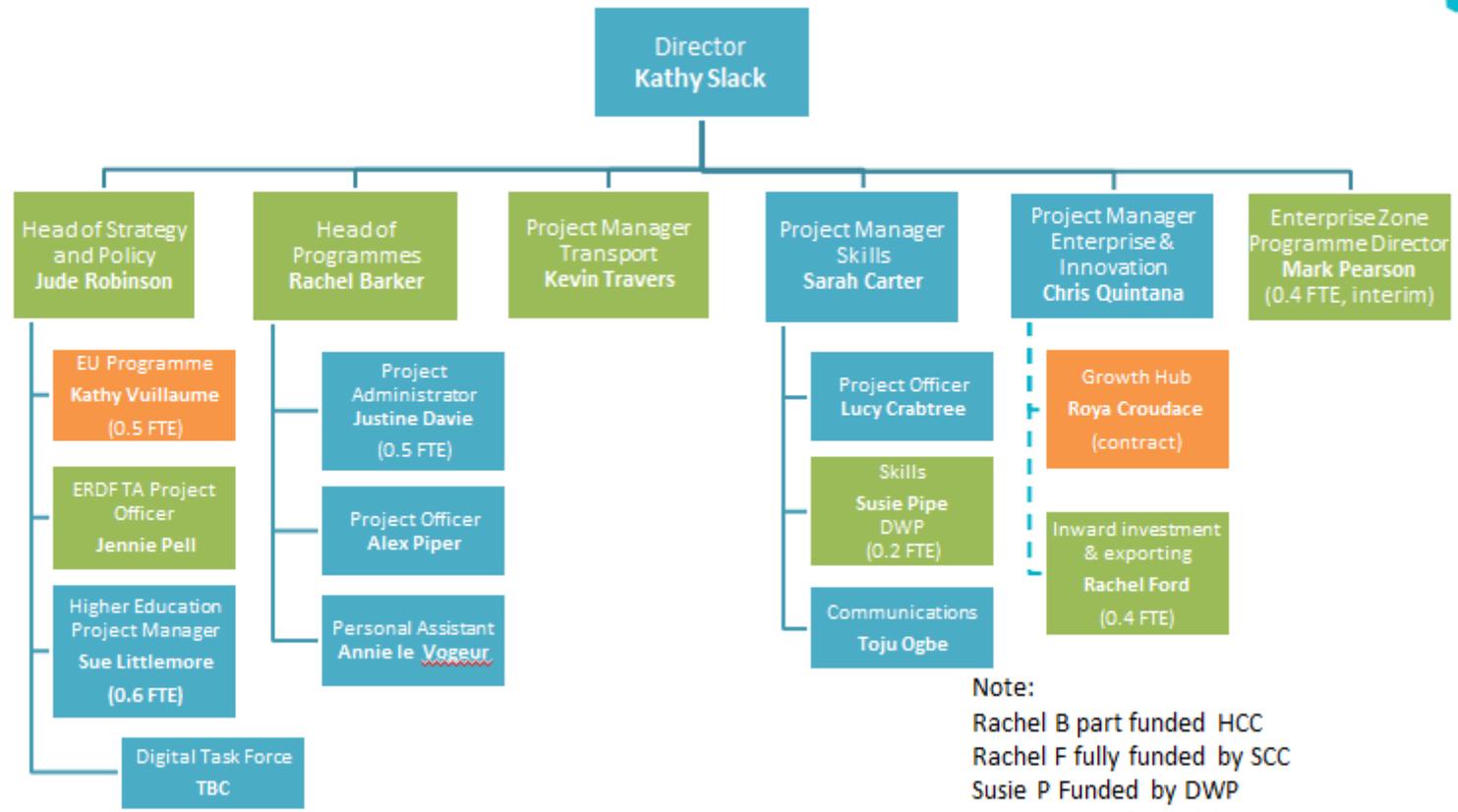
**Exclaimer** has secured a £23m investment from **Livingbridge** in the expansion of its **Farnborough-based** email signature software business. 07-Dec-2016 Farnborough, Hampshire, GU14 6BU <http://www.uk-ar.com/google/42738.htm>

**IBM** is to open four new cloud data storage centres, including sites in Fareham and **Farnborough** by early next year, with the creation of an unspecified number of jobs. 23-Nov-2016 IBM, North Harbour, Portsmouth, PO6 3AU <http://www.uk-ar.com/google/17613.htm>

**NDreams** has secured a further £2m of investment in the **expansion of its Farnborough-based** virtual reality gaming business. 17-Nov-2016 NDreams, Spectrum Point, 279 Farnborough Road, Hampshire, GU14 7LS <http://www.ndreams.com> <http://www.uk-ar.com/google/42584.htm>



# Enterprise M3 Organisation Chart



**Note:**  
 Rachel B part funded HCC  
 Rachel F fully funded by SCC  
 Susie P Funded by DWP  
 ERDF TA part funded by EU  
 Growth Hub funded by Government (BEIS)

Core staff
Seconded staff
Contracted resource



Updated 21/12/2016