

Enterprise M3 Board Meeting

28th March 2017

Director's Report - Item 17

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

1. Strategic Policy Development

- 1.1. We have commissioned Metrodynamics to carry out our Strategic Economic Plan (SEP) Refresh and will be meeting with them on the 23rd March to plan the work and consultations with the Board, team and importantly partners. We will want to discuss at the Joint Leader's Board. We will be organising a board strategic session on the SEP and will be contacting you shortly to establish availability.
- 1.2. We have started to gather views from partners to feed into our Industrial Strategy response and will be providing a summary of key messages to at the Board meeting. Partners are holding valuable roundtable sessions with business, such as an aerospace event planned by HCC and a Cyber Security event organised by SCC.
- 1.3. We have several studies on-going that will contribute to the SEP refresh. We have attended the first workshop on the work with 10 other LEPs considering the impact of Brexit on our economies. The What Works Centre are carrying out the work. There is some interesting analysis on trade with an estimated value of exports in Enterprise M3 in 2016 of £17,300m with £21,500 per job. Both these figures are far higher than the other areas involved.
- 1.4. The Board have been sent the final report on the Life Science sector and there will be presentation at the Board meeting. The study has identified a particular strength in the Medtech area in Enterprise M3 especially around diagnostics.
- 1.5. The Innovation South Science & Innovation Audit is making very good progress, attracting significant interest and engagement from a diversity of organisations involved in the regional economy; and is on schedule to produce a draft report for Government at the beginning of May.
- 1.6. The Audit will identify the region's research and innovation strengths in five areas: Digital Enabling Technologies as applied in four key sectors; Marine & Maritime; Advanced Engineering; Connected mobile systems, services and products; and Bio Science, including Digital Health & Med Tech.
- 1.7. A Call for Evidence has had more than 120 written responses - more arrive every day. They include the Pirbright Institute, NPL and the National Oceanography Centre, 5GIC, Airbus, BAE, QinetiQ, UKIE, Ricardo, the SMMT and many other private companies. Some LEPs, universities and local authorities (Bournemouth, Surrey Heath & West Sussex) have also contributed evidence.
- 1.8. Expert roundtable discussions of each of the five areas of research & innovation strength attracted a total of approaching 60 specialists from 33 organisations - about half of those were businesses.
- 1.9. It is premature and would mislead to reach conclusions. However, very early "evidence greenshoots" suggest:
 - The South's science and technology assets are significant
 - There are assets and emerging strengths in digital enabling technologies; and scope to apply these across the four sectors
 - Key institutions have their own footprint, within and beyond the South
 - There is a series of local innovation ecosystems within the South

- These are good, or excellent, but “the joins” are underdeveloped – the overall ecosystem is fragmented
- 1.10 During a workshop representatives from AmEx and Ricardo both said they wanted more and better engagement with the research base, if the “pieces” can be joined better, the scale of the impact ought to be significantly greater (e.g. creative media, cyber security) but the impenetrability of the research base, particularly to Medium SMEs, was acknowledged.
- 1.11 The overall direction of travel between now and the completion of the Audit involves addressing these 2 key questions:
- From all this complexity, what are the principal drivers of the ecosystem?
 - What are the “stand out” assets, opportunities, and gaps that should define the conclusion of the audit?

2 Local Growth Funds

- 2.1 Following our Local Growth Fund announcement in February 2017, we have been pressing Government to understand our funding profile for the additional £71.1 million and also reviewing our programme for all Local Growth Fund projects. Following confirmation of funding profile from Government and discussion at this Board Meeting, it is hoped that we will be able to approach partners to give them indicative LGF funding allocations and expected timetable for the development of full business cases. We will also review the information available on our website to ensure that information about all of our projects is accessible and up to date. The delivery of our 2016/17 LGF programme has been a focus of the team in recent weeks and we remain confident that we will be able to meet the forecast expenditure discussed with Government at our Annual Conversation before Christmas.
- 2.2 The fifth round of our Growing Enterprise Fund was launched in October 2016. We have had a number of enquiries and one application has been submitted for consideration by the Board at this meeting. We expect further applications to follow in the coming months and are beginning to develop a pipeline of future schemes. We are keen that our partners promote this scheme widely and the team are happy to speak to any interested applicants.

3 Housing and Commercial Property

- 3.1 Malcolm Young stepped down from the role of Chair of the Land and Property Group in January 2017, having served as chair of the group since its inception. 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).
- 3.2 The Land and Property Group met on the 20 March 2017 and the meeting incorporated a site visit to Chapel Hill site and show home in Basingstoke, which we supported with a £2.19m loan to Sentinel via the Growing Enterprise Fund. The group focussed on initial input to the Enterprise M3 response to the Housing White Paper and agreed that the response will link closely with our SEP Refresh and our response to the Industrial Strategy. The deadline for responses is 2 May 2017 and a draft of our proposed response will be shared with the Board before submission. The Land and Property Action Group also agreed the appointment of Michael Knott, Director at Barton Willmore as Chair of the Group and the Enterprise M3 Board is asked to formally agree this appointment at the March Board Meeting.
- 3.3 Key areas of focus in the coming months will be inputting into Enterprise M3’s response to the Industrial Strategy and Housing White Paper and the Strategic Economic Plan refresh in addition to taking forward the actions of the Commercial Property Market Study. We will also be advertising shortly for a Housing Policy Manager to help support our work in this area, as Rachel Barker will be reducing her hours to 4 days a week from 1 April 2017.

4 Institutes of Technology

- 4.1 We have been working closely with our FE colleges to develop consortiums and submissions of interest in Institutes in Technology. Institutes of Technology (IoTs) are a proposed new technical educational provision designed to address the shortage of high-skilled technicians below graduate level (Levels 4/5). IoTs will add value and build on existing education and training assets. They

will have a clear identity and will share critical success factors including strong employer engagement, specialisms in the new technical routes (T Levels), focusing on Science, Technology, Engineering and Maths (STEM) subjects at levels 3, 4 and 5 (equivalent to A Level, HNC, HND).

- 4.2 We are looking for our FE colleges to reinforce our strategic focus to continue to address the needs of our businesses. There is significant and growing business demand for a talented STEM workforce with quality and meaningful higher level skills to feed the higher level job growth and productivity.
- 4.3 Department for Education (DfE) have called for registers of interest in creating IoTs across the country. The process does not prescribe a 'one size fits all' delivery model but will offer flexibility for bidders to adopt models best suited to local needs. Bidders are welcomed from FE College, HEI, Private Training Provider or Employer Consortia representing more than one employer; or LEP or Combined Authority. It is anticipated that the first IoTs are due to open in April 2018.
- 4.4 Currently there have been two register of interests for IoT from the Enterprise M3 FE Colleges. The first led by Brooklands College, includes Guildford College, Farnborough College of Technology, Basingstoke College of Technology, Sparsholt and Andover College, Brockenhurst College and the two other Surrey colleges, NESOT and East Surrey College. This proposal is based on the consortium delivering higher technical digital skills training, to be developed with the 5G Innovation Centre. We will continue to support the colleges to build relationships with 5GIC and businesses to develop an industry responsive curriculum.
- 4.5 The second IoT register of interest was submitted by Farnborough College of Technology in consortium with Farnborough Aerospace Consortium (FAC) to deliver skills for Aerospace/Automotive Manufacturing. We will develop this proposal to include further colleges in the Enterprise M3 area to add value to the delivery.

5 Transport

- 5.1 We continue to work closely with neighbouring LEPs and local authorities to ensure we plan for the economic impact of Heathrow both now and in the future following the Government in principle approval of a 3rd Runway. The Government recently published the draft National Policy Statement for consultation, setting out why they believe this scheme is the right one for the UK and we will be responding to this by the closing date of 24th May; we will also be inputting into the Heathrow Strategic Planning Group's joint response. The Group is now meeting monthly, to ensure we can be responsive to the Heathrow Airport Ltd proposal and ensure that Heathrow continues to make a significant contribution to the economy of the Enterprise M3 Area.
- 5.2 We have recently responded to Highways England's discussion paper Roads to Growth which is part of the preparation of their Strategic Economic Plan. We have 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. There are a number of examples in our area where potential major housing development sites that are being considered where their impact upon Highways England's network could be significant and if they are to be successful it will be essential that Highways England proactively engage with the proposals as they are developed. This was followed by an announcement in the Budget that £4.1m from a new pinch point fund will be spent on two schemes on the A3 in Guildford. Earlier this month the government also published the report of the M25 South-West Quadrant Study. This study looked at how to best address congestion on this section of the M25, which acts as a significant barrier to growth. The key conclusion is that the solution lies in reducing pressures on the existing network and provide parallel capacity to relieve the motorway network, rather than widening the existing road. The next stage of work will include further investigation and analysis of the options.
- 5.3 We have been working with LAs and LEPs on the development of the Sub National Transport Body and are sharing out attendance on the various working groups with other LEPs. Kevin Travers is part of the governance group and Kathy Slack attends the joint Officer Group.

6 Governance and Board Recruitment

- 6.1 We had an excellent response to our recent business Board member recruitment exercise, with 12 applications submitted. The standard has been exceptionally high and interviews of shortlisted

candidates will take place in April 2017, with a view to having successful candidates in place for the next Board Meeting in May 2017.

- 6.2 We have also recently appointed Hays Executive Ltd to support us in the process of finding a new chair for the Enterprise M3 Board. This work will be guided by the Nominations Committee and regular updates will be presented to the Board via papers at meetings and the weekly update. We are working to a timetable that has a new Chair in post by the end of July 2017 and expect that an advertising campaign will be launched in April 2017. Rachel Barker will be able to provide further detail for any interested Board Members.
- 6.3 Following Andrew Lloyd's retirement, the Joint Leaders Board have confirmed the appointment of David Fletcher (Assistant Director – Economic Development at Hampshire County Council) to the Programme Management Group. The Homes and Communities Agency will also be represented at Programme Management Group by Catherine Turner (replacing Kevin Bourner).

7 Enterprise and Innovation

- 7.1 We have extended our Growth Hub contract for a further year and are working with the team to develop a business plan for the future. This will be discussed with the Board in September. We are waiting to hear whether Government will be allocating funding to all Growth Hubs from 2018. A progress report is included in the Board papers.
- 7.2 The International Task and Finish Group chaired by Andrew Lambert is making good progress and a workshop of all LA Inward Investment and Trade leads is planned for 25th February. We are exploring how we can better coordinate activity and are looking to introduce a common client management system which can be shared across all LAs and the LEP. This will be procured in 2017/18 and will be jointly funded.
- 7.3 We are working with Department of Trade on an EU programme offering additional support to SMEs to export.
- 7.4 The Multi Site Enterprise Zone starts from the 1st April. There is already interest in the sites that make up the Zone and we will be starting marketing the site under the EZ³. There is a paper in your board pack.

8 Resourcing

- 8.1 We are currently recruiting a project officer to replace Alex Piper who leaves at the end of the month and will be going out for a post to support our digital work later this month. We will be taking on an interim finance manager to help us not only manage the finance demands but also to help us identify what resource we need for the future.
- 8.2 We are reviewing the support we need for the EZ with our EZ partners now that the EZ is entering its next phase. Surrey CC have agreed to extend Mark Pearson's secondment as interim director (2 days per week).

9 Communications

- 9.1 Our new Marketing Manager, Toju Ogbe, has been actively publicising the LEP activity and monitoring our performance against other LEPs. Enterprise M3 generated 30 clips of news coverage (tracked via Google Alerts) in the month of February; of which 18 resulted from proactive interventions while 12 were spontaneous mentions.
- 9.2 We released 5 news stories in February and 4 success stories. We saw a surge in twitter coverage as a result of this active publicity. We are drawing together a calendar of activity.

Kathy Slack
Enterprise M3 Director
21st March 2017