

Enterprise M3 Board Meeting

30 November 2017

Director's Report - Item 13

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

1. Strategic Policy Development

- 1.1. We have published our consultation document "Developing an Industrial Strategy for our Area" document and have been actively promoting it across our networks and through social media. The closing date for comments is 11th December. We are putting in place a series of consultation events under the banner "imagining our future". We will provide a read out from the Government's Industrial Strategy which is due to be released on the 27th November.

2 Local Growth Funds

- 2.1 We have been reviewing the **Local Growth Fund programme** closely and there continues to be a risk of an underspend in 2017/18 and we expect that we will distribute approximately 93% of the 2017/18 Local Growth Fund allocation. We are in discussions with partners to understand the potential scale of this underspend and are considering options to offset this risk, including investigating options to bring forward projects from later years. As agreed by the Board in July 2017, we will not be calling for new projects at this stage as we would like the SEP Refresh to inform this process. We have been making further adjustments to our outputs and expenditure dashboard and these will be circulated with papers for the Board Meeting. Government has also issued a new reporting framework in October 2017 and we have been working to revise our reporting systems to align with this new system.
- 2.2 Our **Growing Enterprise Fund** continues to perform as planned. Cranleigh Village Hospital Trust have advised that they have secured alternative funding for their project and therefore no longer require Growing Enterprise Funding from Enterprise M3. We intend to merge the Growing Enterprise Fund with our Local Growth Fund from 2018/19 to create a 'single pot' of LEP funding. In response to increased interest, we are also examining the possible creation of an Enterprise M3 fund to support inward investment activity across our area. A detailed paper will be presented to PMG and Board in due course.
- 2.3 It was agreed at the Board Meeting in May 2017 that the investment period for the **Enterprise M3 Funding Escalator** (operated by the FSE Group) would be extended until July 2018 and that the team should investigate future options to continue this type of access to finance service. A Steering Group to lead this work has been set up, led by Rachel Barker with and an OJEU specification will be published in mid-January 2018. We held a successful stakeholder engagement event in October 2017 which has helped to shape and refine the specification and the Board will receive a full report on progress at the November Board Meeting.
- 2.4 Our Annual Conversation with Government will take place on 24 November and we will be represented by Mike Short, James Cretney, Dave Axam, Rob Carr (from our Accountable Body), Kathy Slack and Rachel Barker. Feedback from the Annual Conversation will be given at the Board Meeting.

3 Housing and Commercial Property

- 3.1 The outcome of the Housing Infrastructure Fund bids is awaited following the closing date at the end of September 2017. A copy of Enterprise M3's letter in support of the Housing Infrastructure Fund bids from our area is attached to this report.

- 3.2 A joint workshop for the Land and Property and Transport Action Groups is being organised for the 11 December 2017 to provide stakeholder input into the Strategic Economic Plan consultation.

4 Transport

- 4.1 In partnership with London First, we recently hosted a round table event focussing on **Crossrail 2**. Crossrail 2 is a major rail infrastructure scheme that will provide improved journey times and alternative options to travel through London to the centre, the NE and NW. This Roundtable, which was chaired by Mike D'Alton Chairman of the Transport Action Group explored the wider benefits of the scheme to our area. Michelle Dix, Managing Director of Crossrail 2 and Chris Curtis, Network Rail's Head of Crossrail 2, outlined and explained the benefits of the scheme.
- 4.2 In particular it was highlighted that 30% of the transport benefits and 40% of the housing benefits will be achieved outside London and combined with other key infrastructure the LEP is lobbying for, such as the Woking and Basingstoke Flyovers, has the potential to unlock an additional 7 train paths per hour from our area into central London. As well as reducing congestion on the rail network by 15%, this could lead to the development of an additional 55,000 homes along the South Western Main Line and economic benefits of £15bn. We are seeking a further meeting with the Crossrail 2 team to understand the modelling of impacts.
- 4.3 The LEPs role is very much to promote the scheme and demonstrate that it is not simply a scheme for London but that the benefits are significant across the whole of our area. To this end we will be encouraging key local businesses and partners to promote the benefits of Crossrail 2 and demonstrate the breadth of support. We hope to repeat the event for Woking businesses.
- 4.4 The LEP has recently signed an accord with neighbouring LEPs and local authorities, through our continuing membership of the **Heathrow Strategic Planning Group**. The Accord strengthens the relationship between the partners, recognising that Heathrow Airport is a key part of the nation's and the south-east's transport infrastructure, offering international connectivity as well as significant opportunity to enhance economic growth. We will continue to work collaboratively to develop and promote a 'Vision' for an expanded Heathrow and ensure that the benefits are fully recognised across the whole of our area.
- 4.5 The Government, whilst confirming its preferred option to meeting future airport capacity needs in the South East, remains an expansion of Heathrow, have recently announced a further round of consultation on the **Airport's National Policy Statement**. This consultation considers updated noise analysis, a new air quality plan and government policy changes together with consideration of the responses to this first consultation. All of our economic and connectivity justifications remain pertinent and valid and will be re-emphasised within a short, focused response we intend to submit. It is still expected that in the first half of 2018 Parliament will make the final decision on the airport expansion and in addition Heathrow Airport are planning to carry out their first round of consultations on the plans for expansion early in the New Year.
- 4.6 Whilst vital to economic growth our focus on transport activity isn't solely on major transformational projects such as Crossrail 2 and Heathrow Expansion. We continue to play an active role in the promotion of **sustainable transport at a local level**. This has included contributing towards the funding of the provision of improved information at Winchester bus station to complement our previous investment in on bus Wi-Fi, on board automatic information display and real time information. We were pleased to be invited by Stagecoach Bus to the launch of a new fleet of 6 new double decker buses on the Winchester to Alton service 64. These new buses represent an investment of over £1 million by the bus operator, including digital connectivity enhancements.

5 Governance and Board Recruitment

- 5.1 The Mary Ney review of LEPs was published in October 2017 and can be viewed at - <https://www.gov.uk/government/publications/review-of-local-enterprise-partnership-governance-and-transparency>. We have reviewed this report in detail and our assurance framework is already delivering against many of the recommendations of the report. Government have advised that a detailed note on the recommendations and requirements for LEPs will be published on 28 November 2017.
- 5.2 Our new Resources, Finance and Audit Committee met for the first time in October 2017. This group is chaired by Clive Sanders and Nick Elphick and Tim Jackson also sit on group.

- 5.3 We received 5 applications for the two business representation organisation vacancies and candidates will be interviewed on 23 November 2017. The Nominations Committee are currently overseeing work associated with the recruitment of new private sector Board Members and we aim to advertise these vacancies in early 2018.

6 Enterprise and Innovation

- 6.1 We have established a Space Cluster Steering Group chaired by Andrew Lambert with businesses, universities and the UK Space Agency. The Group is developing a vision for an innovation centre in which academics and companies, large and small, collaborate to stimulate development and delivery of earth information and space services of the future. The aim is to foster a culture of scientific and industrial collaboration in satellite services and other technologies that can offer solutions across all sectors in conjunction with the 5G centre, beginning with Agritech, Marinotech and Medtech. The new Centre will be embedded alongside other space networks, capitalising on the strengths of others as well as enabling them. Representatives from SSTL will outline some first thoughts at the board meeting.
- 6.2 The internationalisation programme continues with twelve inward investment successes for October recorded by DIT, four up on the previous month. The procurement of the CRM system by HCC is continuing and is expected to be completed by end of November. Assuming we receive a good response, the successful supplier will be invited to attend an inception meeting first week of December. Our aim is that implementation and testing of the system should be completed by the end of Q4 2017/18. Recruitment of the Internationalisation Project Support Officer post is complete - Paulina Piotrowski started in the new role on 9 October 2017.
- 6.3 Innovative and forward-thinking options are the priority for a study into the higher skills needs of Basingstoke's high growth and expanding economy.
- 6.4 An experienced education consultant has begun work, under the leadership of Enterprise M3, on a study which will combine evidence, fresh thinking and wide ranging local consultation to recommend answers to the central questions: What are the current and future requirements for higher level skills in Basingstoke, needed to fuel and help maximise expected growth in the Basingstoke economy, and how should the education and training of those skills be delivered?
- 6.5 The study is part of the capacity work for Western Basingstoke and is being overseen by a group from Basingstoke and Deane BC and Hampshire County Council. Objectives for the study include investigating employer and business demand for a supply of higher skills both from Basingstoke and beyond; employer engagement to help deliver higher skills; and the demand for locally based higher education from both school leavers and those already in work / mid-career. The study will take into account the strategic policy ambitions and priorities of both national government and local stakeholders. The final report is expected early in the New Year.
- 6.6 The London & South Innovation Valley is progressing well. The website of www.ez3.co.uk is live, and the high quality digitally enhanced promotional film has been very well received. We have placed 4 advertorials within Property Week for EZ³ which will give us good national coverage of the EZ, and a 'perspectives' thought leadership piece is being finalised. EM3 attended MIPIM UK, the premier property exhibition as part of a wider Greater Thames Valley grouping of 6 LEPs.
- 6.7 We have been negotiating the 3 Basing View projects in line with board comments from its last meeting and expect to issue contracts by December 2017. We have made progress on the Longcross projects but are awaiting a final viability statement from Crest/Aviva before bringing the project forward. We brought PMG up to date with developments and are pressing for projects seeking LGF funding to come forward early in January 2018.

7 Communications

- 7.1 Recent communications have focused on a wide range of activities, including the launch of the Science and Innovation Audit, opening of the Base Bordon Innovation Centre, and the appointment of Dr Mike Short as Chief Scientific Adviser by DIT. Communications have also been centred on the opening of three new skills centres at Whitehill & Bordon, Brockenhurst and Farnborough, as well as an EZ³ promotional video, which was launched at MIPIMUK 2017. More recently, we partnered with London First to organise a Crossrail 2 Roundtable in Basingstoke. The event generated interest from regional news media, including BBC Surrey.

7.2 Over the next few weeks, our communications pipeline will focus on the following:

- Strategic Economic Plan (SEP) Consultation – We have started promoting the next stage of our SEP consultation with a view to generating considerable participation.
- Autumn Budget – We will be highlighting announcements from the Autumn Budget and will produce a summary of the key areas relevant to our agenda.
- Hart SANGS – A joined up news release (with Hart District Council) is planned to be issued to promote the official opening of Bramshot Farm Country Park. The SANGS project was funded through a £5.3 million loan from our Local Growth Fund.
- EZ³ marketing video – We are receiving positive feedback on our EZ³ marketing video. Edited versions have been created for both site-specific and overall EZ³ communication on social media
- Case Studies – We are working with Marwell Zoo and FSE Group to complete and put out case studies before the year ends.
- Talking Heads Campaign – Our Growth Hub is leading on our talking heads campaign, focusing on 5G, which is scheduled for release in February 2018 to coincide with Mobile World Congress. The campaign is currently being developed with the support of 5GIC and Growth Hub. Other themes such as cyber security are being developed. The campaign aims to stimulate debate on topical issues and is made up of short 90 seconds video clips of experts. Each video clip will have a link to our website where articles relevant to the videos will be hosted. We will be seeking board member involvement to engage with the campaign.

8 Skills

- 8.1 We have been working with Basingstoke Consortium on how our Careers and Enterprise programme will be delivered following their recent announcement that this organisation will cease to operate from 31 December 2017. Basingstoke Consortium are in active discussions with other organisations over taking over their role and we are confident that our programme will continue to be delivered.
- 8.2 We have been working with a range of partners on expressions of Interest in operating Institutes of Technology.

9 Resourcing

- 9.1 We have commissioned Create, Tomorrow, Today to undertake a piece of work reviewing our organisation. A verbal update will be given at the board meeting.
- 9.2 We are expecting announcement on future LEP and Growth Hub funding at the budget and will provide an update at the Board meeting.

Kathy Slack
Enterprise M3 Director
21/11/2017

The Castle
Winchester
Hampshire
SO23 8UD

11th October 2017

Dear Sir/Madam,

Housing Infrastructure Fund – projects in the Enterprise M3 area

I am writing in relation to the eight proposals within the Enterprise M3 area that have been submitted by our local authorities for consideration under the Housing Infrastructure Fund. We have worked alongside our local authority colleagues and taken a strategic view over all proposals, challenging approaches and ensuring that the very best schemes are submitted. We endorse the submissions made and are fully supportive of each of the proposals.

Enterprise M3 Local Enterprise Partnership covers most of Hampshire and Surrey, stretching all the way from the M25 to the New Forest and includes 14 district councils and two county councils. We are a significant national economic asset, home to 1.65m people and support 90,000 businesses (21.8% of the total number of firms in the South East region), who between them employ 760,000 people with Gross Value Added of £46 billion a year in 2015.

We know that the success of our economy is increasingly dependent on the quality and diversity of our housing stock. The median house price to median gross annual earnings ratio for Enterprise M3 was 10.3 in 2016, more severe than the South East, with a ratio of 9.4, and of England as a whole, which has a ratio of 7.7.

Our recent review of our Strategic Economic Plan has again identified the growing housing need. This is strongly linked to other major issues, including:

- securing talented people - we know from our consultations this is holding back business and
- high levels of traffic congestion exacerbated by skilled people living in more affordable homes outside of our area and travelling into Enterprise M3 to work.

Businesses in the Enterprise M3 area reported the highest incidence of hard-to-fill vacancies of any LEP area. The situation is becoming more severe with a higher proportion of businesses citing skills shortages as an issue in 2015 than in 2013. Yet we also know that our area has the third highest median house prices in the country of any LEP, behind London and Hertfordshire. We have experienced changes in house prices where between 2011 and 2016, house prices increased by 33%, compared to 20% in England as a whole.

Enterprise M3 was asked by the Leaders and Chief Executives across our 16 member Local Authorities to play a coordinating role in the development of HIF bids. As such, we have worked with our local authority partners in the development of the eight bids from across the Enterprise M3 area and this letter is formal confirmation of our support for each of the bids.

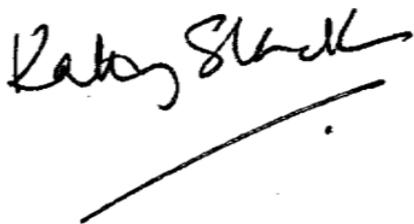
Enterprise M3's Strategic Economic Plan in 2014 recognised the importance of providing adequate levels of new housing for our workforce and set an ambition to accelerate the delivery of new housing by up to 25% meaning that over the next 10 years up to 11,500 new homes will become available more quickly. We have worked with our partners at both officer and political level to support them in identifying how homes could be unlocked to support housing growth. We have used our available Local Growth Fund to deliver projects which will help to unlock over 32,000 new homes in future years. We know from talking to our partners that they recognise the challenges and wish to secure further growth in housing. However, in order to achieve our aim, it is vital that we secure significant levels of other funding to help deliver upfront infrastructure to support over 29,000 new homes and we are seeking £329m from the Housing Infrastructure Fund to deliver infrastructure to support this ambitious target.

All eight Housing Infrastructure Fund bids strongly support the aims of Enterprise M3's Strategic Economic Plan. Six of the eight bids from the Enterprise M3 area are supporting the development of much needed new homes in the Growth Towns and Step-up Towns identified in our Strategic Economic Plan including delivery of new homes in Aldershot, Basingstoke, Guildford and Woking. In addition we have worked alongside partners to support bids that will address the cumulative impact of major development across our transport network including improvements to the A320 to support Garden Village proposals (including Longcross) in Surrey and the improvements to the A31 at Farnham.

Enterprise M3 is committed to the delivery of all eight proposals submitted for consideration under the Housing Infrastructure Fund as all will help to unlock much needed new homes across what is a highly constrained area in terms of housing. In order to ensure that the Business Cases for the Forward Funding schemes are developed at pace, Enterprise M3 will shortly be making funding available to partners to advance the development of key infrastructure projects, such as those submitted for the Housing Infrastructure Fund. We will continue to engage with you as this process develops.

We look forward to continuing to work with you over the coming months and would of course be more than happy to provide you with any further information that you might require. We will also ensure that we keep you updated on the process of our Strategic Economic Plan refresh which will continue to place the delivery new homes across the Enterprise M3 area at the forefront of our activity.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kathy Slack', with a long horizontal line underneath it.

Kathy Slack
Director, Enterprise M3