

**Enterprise M3 Board Meeting**

**25 January 2018**

**Director's Report - Item 14**

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

**1 General**

- 1.1 Our focus over the last few months has been to push hard on projects to deliver this year; draw together the strands of our Industrial Strategy /Strategic Economic Plan and to explore how we can continue to improve the working of the organisation. This has also been a period for transport consultations. Kevin Travers is keeping on top of all of these and I have included commentary on our actions – there are several important areas where we need to keep pushing our case. You will see that all of these themes are reflected in our agenda for January.
- 1.2 We received on 17<sup>th</sup> January confirmation from Government that they would fund LEPs for a further year at current levels. Whilst the confirmation is welcomed, the fact that this is only for a year is exceptionally disappointing given the recent announcements regarding LEPs and the important role they play. Additionally we have heard that Growth Hubs will be receiving 2 years funding with a review of Growth Hubs during that period. We will be well placed to feed into this given our recent evaluation of our Growth Hub which will be discussed at Board in January.
- 1.3 I have been reviewing the organisation of the team and have held several informal meetings with staff and are working with the HR team at HCC. The board will consider the reorganisation and proposed increases in our capacity at the Board meeting.

**2 Strategic Policy Development**

- 2.1 **Local Industrial Strategy** – we have received a strong response to the consultation with 24 responses (12 from borough, district and county councils and the remaining 12 from organisations representing business and environmental interests, a university, a business and a private individual). Overall the responses have welcomed the long term strategic approach and agreed that the priorities and challenges identified are the right ones. There is a paper to note on the agenda.
- 2.2 **Mobile UK** – we formally launched our MOU with Mobile UK in December, which outlines how we are planning to work together with mobile operators and LA planners to reduce barriers to the development of mobile infrastructure in our area. The session was chaired by Mike Short and was well attended, with representatives from industry and local authorities. The MOU has been well received and we are now working on agreeing a high level action plan to take forward.
- 2.3 **Brexit – the What Works Centre** have published the findings of their work into the local impacts of Brexit. This was part of a national project looking at gathering data and making recommendations for potential future policy interventions. Economies such as EM3 that are diverse, buoyant and relatively highly skilled are likely to recover more quickly than other areas. The full report will be available on our website. Jude Robinson is our lead if you want more details.
- 2.4 **Carillion Update.** Following the voluntary liquidation of contractors Carillion last week we have assessed the impact on the delivery of our capital programme. Whilst it is still early days, fortunately it appears that the impact will be relatively limited. However Carillion are the lead contractor building the relief road for Whitehill and Bordon on behalf of Hampshire CC. Other than this Hampshire CC have confirmed that no other transport schemes they are delivering for the LEP are contracted to Carillion and Surrey CC have advised that there are none being delivered by them in Surrey.

- 2.5 With respect to construction of the **Whitehill & Bordon Relief Road**, Hampshire CC have spoken to the receivers and the contractors are continuing working on site as normal at the moment. The Southern section of the road is nearing completion and the County Council are confident that this will be completed. At this time work on the Northern section is also progressing, but Hampshire CC are prepared for any delay on this and have developed new contract documentation so can move at short notice to re-let the contract if this becomes necessary.
- 2.6 We are also aware that **Carillion** are behind a Joint Venture – **Aspire Defence** – who has been awarded a construction and support services contract by UK Ministry of Defence worth over £1.1 billion. The contract is designed to support the Army Basing Programme within the UK, providing facilities management support services. This includes the base in Aldershot.
- 2.7 We have received information from Government on **advice to give to companies / individuals** affected by the liquidation of Carillion and have shared this with partners. Our Growth Hub is ready to offer advice and we have put the information on our website.
- 2.8 The tender for the tri-LEP (EM3, Coast to Capital and South East LEPs) **Energy Strategy work** was advertised during December through Essex County Council, as the Accountable Body for South East LEP. The tenders received are currently going through the assessment process. The South East Energy Hub project has started to also pick up pace. This Hub will comprise of a team of officers, funded through BEIS, to help deliver energy projects across the geography. The Greater Cambridge Greater Peterborough (GCGP) LEP will act as the Lead Partner for this work which includes 11 LEPs across the South East, including London.

### 3 **Local Growth Funds**

- 3.1 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 77% of the 2017/18 Local Growth Fund allocation (including the additional £16m of LGF3). We are in discussions with Government to alert them to the risk of this underspend and are investigating options to bring forward planned spend from future years where possible. Critically, we are also closely reviewing next year's programme to ensure that we have a robust pipeline of projects in order to help to mitigate against underspend. The Board have been advised on the anticipated deadlines for business case delivery in January's LGF paper and the Design Advancement Fund will help us to bring forward business case development in future years.
- 3.2 Our **Growing Enterprise Fund** continues to perform as planned and a new Expression of Interest relating to Farnham Road Bridge in Guildford was submitted shortly before Christmas and is brought to the January 2018 Board meeting for further consideration. We intend to further promote the fund in the coming months and are aware of two potential new projects that may be coming forward imminently for further consideration.
- 3.3 Following Board approval in November 2017, we have been further progressing the development of the specification for the new **Fund Management contract** which will replace the arrangements we currently have in place for the Enterprise M3 Funding Escalator (operated by the FSE Group). This work is close to completion and it is expected that the OJEU notice will be published on Friday 19 January 2018, with a closing date in early March. We have put in place an evaluation panel to review the proposals that we receive and this panel includes Linda Cheung, Kevin Lloyd (PMG Member), Kathy Slack and Rachel Barker.
- 3.4 Our **Annual Conversation** with Government took place on 24 November and we were represented by Mike Short, James Cretney, Dave Axam, Rob Carr (from our Accountable Body), Kathy Slack and Rachel Barker. The conversation was very positive and Enterprise M3 was not advised of any conditions that it would need to satisfy prior to accessing its funding for 2018/19. Draft minutes from our Annual Conversation have been received and those in attendance have commented on the draft record. We hope to have a final version in place shortly (Government has suggested March 2018) and we intend to publish this document.

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

- 4.1 The outcome of the Housing Infrastructure Fund bids is awaited following the closing date at the end of September 2017. Latest information suggests that announcements on the Marginal Viability

Fund will be made from mid-February 2018 and Forward Funding announcements will follow in March 2018.

- 4.2 The draft London Plan was published in December 2017, with a closing date for responses of 2 March 2018. We will be working across the team and our Action Groups to prepare an Enterprise M3 response to this consultation.
- 4.3 The Runnymede draft Local Plan was published in January 2018, with a closing date for responses of 22 February 2018. Again, we will be working across the team and our Action Groups to prepare an Enterprise M3 response to this consultation.

## 5 Transport

- 5.1 The past two months have seen significant activity in terms of **key consultations** relating to transport with opportunities for us to ensure that economic growth remains central in the activities of our key partners.
- 5.2 We have responded in several ways to the Government on the **consultation on the Airport's National Policy Statement**. This consultation focuses on Heathrow expansion and we have reemphasised the economic and connectivity justifications both in a direct response to the consultation, by being a signatory to the response of the Heathrow Strategic Planning Group and also by submitting evidence directly to the Transport Select Committee considering this issue.
- 5.3 Key issues for us are that higher passenger demand estimates mean that London's airports will be at capacity sooner than previously forecast, strengthening the case for investment sooner rather than later. Given this, it is disappointing that the revised draft Airports NPS still fails to adequately address surface access issues. There remains an urgent need for a firm commitment to transport investment over and above Heathrow Airport's immediate needs so as to deliver the potential, promised by expansion, to genuinely enhance the national economy. We also expressed disappointment at the ongoing failure to identify Western Rail Access and Southern Rail Access as essential schemes for the airport going forward, rather than merely noting them as desirable. In addition Heathrow Airport have announced dates for their own separate public consultation on the proposed expansion of Heathrow Airport. This will focus on the physical changes on the ground needed to build a new North West runway and operate an expanded airport.
- 5.4 The **National Infrastructure Commission recently launched for consultation** its vision and priorities for a national infrastructure assessment, focussing on the need for an independent, evidenced-based and long-term assessment of UK infrastructure need. This includes 7 priority areas which accord well with those we identified in our recent SEP consultation.
- 5.5 It is particularly pleasing to see digital as a thread that runs throughout the consultation and is seen as a key priority for the UK not only for technological growth and the knowledge economy but as a central element of development and economic growth. Housing is given centre stage and the Commission is clear that a focus on investment in transport can help improve housing and economic performance.
- 5.6 Shortly before Christmas, Government, together with Highways England launched complementary consultations on the **second Route Investment Strategy (RIS2)**, which considered Highways England's investment priorities for 2021-26. At the same time the Government launched a separate consultation on a possible future Major Roads Network.
- 5.7 The RIS2 Consultation will inform both the detailed RIS2 itself as well as the Strategic Business Plan for Highways England. Whilst the consultation focuses on principles rather than individual schemes it will be important for us to fully engage in responding to the documents, both in our own right and through Transport for the South East. In particular it is recognised that there needs to be greater alignment with other modes of transport and interventions on the local road network. Whilst there is a clear focus on economic growth, it is less clear how the RIS will directly support housing. There also needs to be clarity over how the strong emphasis on rebalancing of the economy will relate to investment decisions and the importance of continuing to prioritise investment in connectivity to international gateways and trade. The consultation runs until 7 February 2018.
- 5.8 The Government is also asking for views on proposals for the creation of a **Major Road Network**, which would function below the Strategic Road Network, but remain under the control of local

authorities. Whilst the details and mechanics of this process are of limited interest to us there is a clear emphasis on the importance of economic growth and housing as well as linkages to the Industrial Strategy.

- 5.9 However, the focus is only on enhancement and major renewals so it is disappointing there is no consideration of a whole corridor approach. There is also little mention and emphasis put on digital or technology. Furthermore identification of the network itself is very transport focused using current traffic data as the basis for deciding what roads should be in the MRN, rather than any economic metrics.
- 5.10 On each of these consultations we will be responding directly as well as contributing to a joint response through Transport for the South East.
- 5.11 We have also responded to a more **local consultation from South Western Railway** about a new timetable they are proposing to introduce from December 2018. Overall we have welcomed the proposals recognising the benefits of investing in a growing rail network, and see the need for this to be sustained to ensure that the network can cope with the forecast growth in demand for passenger movement, requiring the provision of additional capacity. Nevertheless, we have expressed concerns about whether the robustness of the existing timetable is going to suffer as a result of the proposals and if that is the case we would not be supportive of their introduction, unless there is more clarity as to contingency measures that will be put in place to mitigate any disruption that may occur. Businesses in our area have always highlighted that they value certainty over speed and we are therefore very concerned if delays and punctuality are likely to suffer as a result of these proposals.
- 5.12 In addition we have also made specific comments about the **proposed new stopping pattern at Longcross Station**, which is in the heart of our 'multi-site Enterprise Zone' delivering new homes jobs and facilities to boost the local economy.
- 5.13 We have therefore expressed our **disappointment about the lack of significant improvements to services** in the proposed December 2018 timetable. Whilst there is some increase in service provision proposed with an extension of the peak provision to the station, this is relatively marginal and falls significantly short of our expectations and the needs of the area. The lack of an evening service, or any weekend service at all represents a missed opportunity and completely fails to recognise the business and residential development which is taking place in the area. We have therefore asked that a 30-minute service operate to Longcross throughout the entire day Monday – Saturday, with a 60-minute service on Sunday.
- 5.14 Following on from the success of our Crossrail 2 Event in November a **larger follow up transport conference is being planned for March**. It is hoped that this will be an attractive event for business with the focus again being on the importance of Crossrail 2 to our area, but also linking this to the major development taking place and planned in Woking as well as an update on the work of the LEP. Presentations from Transport for London, Network Rail and Woking Borough Council are confirmed with other speakers to be confirmed. **The event will take place at the HG Weill Centre, Woking on Wednesday 14th March from 4pm and all Board Members are encouraged to attend.**

## 6 Governance and Board Recruitment

- 6.1 **Ross McNally from Hampshire Chamber of Commerce** has been appointed to the Board and will join the January Board meeting.
- 6.2 The Mary New 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 published on 22 December 2017 some draft guidance for LEPs on the detail of new requirements following from the Ney Review and the final detailed guidance from government is awaited and due imminently. Detail of the draft guidance is given in the Board Paper.
- 6.3 We have also recently appointed Perrett Laver to work alongside us on forthcoming Chair and Board Member recruitment. Perrett Laver are working closely with the Nominations Committee and will be speaking with Board Members in the coming weeks to help inform this work. It is

anticipated that the advertisement will go 'live' at the end of January and further detail on the process is given in the governance Board paper.

## 7 Enterprise and Innovation

- 7.1 The Board had a presentation on our space sector work in November and since then the **space cluster steering group** have further developed a brochure to promote the '**Digital Space Campus**'; an innovation centre in which academics and companies, large and small, collaborate and collide to stimulate development and delivery of Earth information and space services of the future. The aim for the centre is to establish a world-class facility in which we can fluidly combine our capabilities in 5G, satellite manufacture & operations, robotics, Earth observation, telecommunications, data analytics and gaming to stimulate new services and attract international talent and business.
- 7.2 Max Lu, VC University of Surrey and Sir Martin Sweeting, founder and executive chairman of Surrey Satellite Technology Ltd, are hosting a dinner, which Mike Short and Kathy Slack are attending to discuss the proposition for the Digital Space Campus (formerly called the Digital Universe) which is planned to be held at the University of Surrey. The dinner is on the 25<sup>th</sup> Jan.
- 7.3 **Enterprise Zone:** We have been progressing with projects across all three of the component sites of the EZ. The contracting of the three Basing View projects is progressing in line with Board comments and we expect to sign contracts by the end of February 2018. We have made significant progress on the Longcross projects and will be bringing them to the March PMG and Board for approval. Activity is expected to come forward on TechForest in Whitehill & Bordon this year, with some advanced units.
- 7.4 The marketing of the EZ<sup>3</sup> – The London & South Innovation Valley is progressing well. The website of [www.ez3.co.uk](http://www.ez3.co.uk) is live, and the high quality digitally enhanced promotional film has been very well received, and continues to be viewed. Good social media coverage continues via twitter. We have now placed four advertorials within Property Week for EZ<sup>3</sup> which has given good national coverage of the EZ, and a 'perspectives' thought leadership piece on being 'smart' in development, as well as a year-end review piece. The roadshow to promote EZ<sup>3</sup> with key intermediaries and stakeholders will be undertaken over the next quarter.
- 7.5 The funding of the £45m 2017-22 EZ<sup>3</sup> Implementation Plan, beyond the initial LGF support is being progressed by the team. Work with our Accountable Body, HCC, has started on considering how EZ partners will use prudential borrowing, with repayment from the Business Rate Income Growth. This will include a further workshop session with Local Authority CFOs.
- 7.6 The recruitment process to secure a Programme Support Officer for EZ<sup>3</sup> was undertaken prior to Christmas, and subject to references and final terms being agreed we will be able to formally appoint shortly.
- 7.7 The secondment arrangement for the Interim Programme Director, currently in place with a staff member from Surrey County Council, comes to a conclusion at the end of March 2018. As part of the EM3 organisational review, the onward requirements, focus and positioning of this role are being considered with the post expected to be advertised early in February.

## 8 Communications

- 8.1 Recent communications have focused on our response to the Industrial Strategy White Paper, new partnership with Mobile UK and project investments in Camberley High Street improvement scheme and the Expansion Fund programme managed by the FSE Group. We have also had three interview opportunities. I was interviewed as part of 'Women in Business' which featured as cover story in Surrey Chamber of Commerce Business Magazine and an interview focusing on our role in inward investment and exporting which will be published by an online publication. Hampshire TV (a local TV station) picked up our press releases on our new partnership with Mobile UK. Jude Robinson was interviewed and highlighted the work we will be focusing on to improve and enhance mobile connectivity in our area.
- 8.2 The recent cabinet reshuffle has seen the promotion of some MPs in our area and the continuation of existing positions:
  - The Rt Hon Damian Hinds MP (East Hampshire) - Secretary of State for Education

- The Rt Hon Dominic Raab MP (Esher and Walton) - Minister of State for Housing and Planning
- The Rt Hon Phillip Hammond MP (Runnymede and Weybridge) – Chancellor of the Exchequer
- The Rt Hon Michael Gove MP (Surrey Heath) - Secretary of State for Environment, Food and Rural Affairs
- The Rt Hon Jeremy Hunt MP (South West Surrey) - Secretary of State for Health and Social Care
- The Rt Hon Anne Milton MP (Guildford) - Minister of State for Apprenticeships and Skills
- Kit Malthouse MP (North West Hampshire) - Parliamentary Under Secretary of State for Work and Pensions
- Steve Brine MP (Winchester and Chandler's Ford) - Parliamentary Under Secretary of State for Health

8.3 We have some exciting events planned for March which we will be focusing on, including further SEP/Local Industrial Strategy consultation workshops, Venturefest South 2018 on 1 March, a transport connectivity conference on 14 March, and the launch of Innovation South on 27 March.

## 9 Skills

- 9.1 We continue to work with partners to develop an Institute of Technology to support digital enabling technologies and Innovation South. There is a further Expression of Interest opportunity with a deadline of 1 March.
- 9.2 We have been successful with our application to access £5,000 from the Learning and Works Institute to support apprenticeship activities with local employers. We will be using the fund to ensure Growth Hub Champions and EDOs are fully conversant with the apprenticeship offer for employers and update our website content.
- 9.3 The Enterprise M3 led study into the **higher level skills needs for Basingstoke** is coming to fruition. As part of a wider DCLG funded project, this project's fundamental objective is to explore, with evidence, current and future requirements for higher level skills in the Basingstoke economy, and consider innovative provision with employers, colleges and universities to meet them.
- 9.4 Emerging findings suggest an opportunity to combine supporting conditions for a high skill-based local economy with an employer-led, work-based delivery of quality technical level skills and certain degree level skills in specific sectors with high demand for graduates.
- 9.5 There is also good evidence pointing to opportunities to release untapped potential not only among some school leavers but also amongst the existing workforce. In short, this is an exciting study with great opportunities for Basingstoke and the Enterprise M3 area to be trailblazers in the thinking behind and delivery of higher level skills in a local economy.
- 9.6 Sue Littlemore, Sarah Carter and myself met with senior directors at the DfE to discuss direction of travel for them post reshuffle. There are important messages for HE and FE which we will be talking about at our HE and FE groups. They were interested in our work into the higher level skills needs in Basingstoke and many of these messages are pertinent to the emerging findings of that work and very useful for shaping an exciting vision for going forward and working with our HE and college partners.
- 9.7 With reference to Industrial Strategy - universities & place – there was interest in how universities can enhance and increase their role as anchor institutions, contributing to growth in their regional economies and supporting thriving communities. This to include collaboration and co design of courses with businesses/employers.
- 9.8 There is likely to be an increasing focus on academies & free schools & grammar schools and Tertiary & HE funding review. There is continued concern over FE and delivering its full role – implementation of T levels & apprenticeships, technical education & decline in mature & part time education & level 4 & 5 skills. Investment in colleges of interest.

Kathy Slack  
Enterprise M3 Director  
18/01/2018