

Enterprise M3 Board Meeting

28 March 2018

Director's Report - Item 15

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

1. Strategic Policy Development

- 1 **Industrial Strategy** - We are continuing to work with Metro Dynamics and our key local partners to further develop our local industrial strategy. A framework document is being developed which will outline our vision and further develop each of the identified priority areas. In particular we are looking to ensure that there is a focus on sustainable technology and low carbon growth as well as ensuring that digital technology remains at the centre of our approach. We are talking to partners about developing a package of initiatives and actions around each of the priority areas and starting to scope out some of the key strategic interventions and projects we will be looking to support in the medium to long term. We recently had a positive discussion on our ambitious approach at the Joint Leaders board and our approach was enthusiastically supported. Dave Axam, EM3 board member and chair of Strategic Economic Plan Steering Group will give a presentation on high level ambitions at the board meeting.
- 1.1 **Energy Strategy** – We are working with C2C and SELEP to develop a local energy strategy that will outline our approach to low carbon growth. Siemens have been commissioned to deliver the project and are working on developing a draft document by the end of March 2018. There will also be a series of local stakeholder engagement workshops over the next 3 months and we are actively involving local authorities and others in this work, which will complete at the end of July.
- 1.2 **Venturefest** - We supported the second VentureFest event which took place in Winchester on 1st March. Bringing together the region's innovators, investors and entrepreneurs to showcase the best of the South's innovation. Despite the snow, it attracted 500 delegates, including many of our businesses and HE partners. Linda Cheung, EM3 board member, ran a discussion panel as part of the knowledge zone and we generated a significant amount of social media activity over the course of the day. We are now reflecting on the lessons learned from the event and are hoping to support the organisers to achieve their ambition of it becoming financially self sustaining in 2019.
- 1.3 **EAFRD Workshops** – We have secured funding from DEFRA to run 2 additional EAFRED workshops for local rural businesses to take advantage of funding opportunities available through EAFRED, Leader and the rural productivity grant. Both events were well attended and feedback has been positive from events in Guildford and Andover. Organised in partnership with DEFRA the aim of these events is to bring forward more projects for EU programmes which will close for Expressions of interest at the end of May. We are optimistic given the number of organisations coming forward with ideas.

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 81% of our total available funding (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 and have issued a new call for projects deliverable in 2018/19. We expect the first of these new projects to be brought to PMG and Board from May 2018.

- 2.2 Our **Growing Enterprise Fund** continues to perform as planned and a new Expression of Interest relating to Farnham Road Bridge in Guildford has been progressed to due diligence and will be considered at this Board Meeting. From 2018/19, the Growing Enterprise Fund will be 'merged' with the Local Growth Fund given the similarities between the two funds.
- 2.3 Following Board approval in November 2017, an OJEU notice was published in January 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). Responses have now been received and 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. We expect to be able to update the Board more fully on progress at the Board meeting and remain on track to announce our new successful supplier in June 2018.
- 2.4 We have also received our formal feedback from Government following our Annual Conversation with Government in November 2017. **This has rated Enterprise M3 as exceptional for both governance and strategy and good for delivery.** This has put us in the very top group of LEPs and no other LEPs achieved results higher than ours. A copy of the full letter which gives further details is attached.

3 Housing and Commercial Property

- 3.1 The Marginal Viability Fund element of the Housing Infrastructure Fund was announced in February and all four bids submitted from the Enterprise M3 area were successful securing £38m of funding within the Enterprise M3 area (Ash Road Bridge, Guildford; Aldershot Town Centre Regeneration; Western Basingstoke and Sheerwater, Woking). Enterprise M3 had worked alongside applicants on these proposals and written to Homes England seeking support for these important schemes. The longer-term 'forward funding' infrastructure projects were announced this week with 5 of the 6 Enterprise M3 proposals being successful. We are proposing an approach to accelerate progress within the LGF paper.
- 3.2 Following the publication of the draft new London Plan in December 2017, Enterprise M3 has submitted a response to the consultation and this can be found on our website. .
- 3.3 In the coming months, Enterprise M3 will be working with Radian and the Southern Policy Centre to better understand the impact of housing affordability on our businesses. This work will include business surveys across our area and will provide further evidence on housing and its impact on the economy which can inform our emerging Local Industrial Strategy. Further details on this work will be brought to the Board in due course.

4 Transport

- 4.1 We have continued to respond to a number of strategic consultations since the previous report in January, the help ensure that economic growth remains central in the activities of our key partners.
- 4.2 Following the Government's consultation on the Airport's National Policy Statement, Heathrow themselves launched their first consultation on airport expansion. This consultation has two parts to it; the first relates to the physical changes on the ground needed to build the new runway, whilst the second covers changes to airspace required for the expanded airport.
- 4.3 Given the policy commitment to expansion has already been made in the National Policy Statement our response to the Heathrow consultation has focused on reaffirming our support for expansion in economic terms. It has also enabled us to re-emphasise that the delivery of strategic infrastructure, such as western and southern rail accesses, is needed now based on the growth expectations of the existing 2-runway airport and that Heathrow should agree to making a substantial financial contribution to this, to demonstrate that they are able to meet the modal share targets they have committed.
- 4.4 We also submitted full response to the Highways England consultation on the second Route Investment Strategy (RIS2) and the Government own consultation on a possible future Major Roads Network, which would function below the Strategic Road Network, but remain under the control of local authorities.

- 4.5 We have made it clear that Enterprise M3 LEP welcomes the creation of the Major Road Network, but only so long as there is a clear linkage to bringing additional investment to these economically important roads in our area. We expressed our disappointment that the funding will only be focused on enhancement and major renewals. We consider that a whole corridor approach, where roads are considered in a holistic way, would lead to better value for money. In particular we are seeking that proposals forming part of a wider package of interventions should be eligible for funding as indeed should active modes such as walking and cycling.
- 4.6 Whilst there are some linkages to the industrial strategy in both consultations that provide a strong context, this has not necessarily carried through into the main body of proposals. There is very much a focus on using traffic data as the basis for deciding what roads should be on the Networks, rather than any economic metrics.
- 4.7 Nevertheless there is an acceptance of the need for qualitative consideration in terms of the economy and an explicit focus on linking Economic Centres, as well as connections to ports, airports and key transport hubs. We have emphasised that for this new approach to be successful it will be imperative that the economy is pivotal to the qualitative assessments to be conducted when identifying priorities for investment. It is clear that these strategic roads will be vital to the success of the UK economy. Providing the connectivity which enables and support continued economic prosperity is the fulcrum around which investment should be structured.
- 4.8 Finally we also highlighted that we considered there to be insufficient recognition of the potential for digital and technical solutions to play a key role in the future development of the road network. Technology will have increasingly significant role in providing solutions to transport needs in the future and the investment priorities should clearly demonstrate how this can be achieved.
- 4.9 We have also responded to the Department for Transport's consultation on the Great Western Railway Franchise. Our key message was that we recognises 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.
- 4.10 In relation to this particular franchise we highlighted that need for the operation of the franchise to be focussed on accommodating this growth and being flexible enough to be able to respond to growth opportunities as they occur. To this end we sought an absolute requirement on the franchise operator to respond positively to maximise the benefit of such growth opportunities, even where they are outside the specification of the franchise.
- 4.11 We also took the opportunity to seek that greater emphasis be placed on improving connectivity to Heathrow Airport, with both a western and a southern rail access to Heathrow combined with service and infrastructure enhancements on the Basingstoke to Reading and Reading-Guildford-Redhill-Gatwick 'North Downs' lines are vital rail infrastructure improvements. These improvements are key to supporting the delivery of our local industrial strategy unlocking and supporting economic growth and job creation within the LEP's Sci:Tech corridor of growth towns, improving connectivity to our international gateways and ensuring a resilient and reliable transport network.
- 4.12 Earlier this month we held a very successful Conference in Woking focussed on facilitating connectivity. This was our fourth event focused on transport and infrastructure. The aim of the conference was to provide a forum for learning and debate about the key infrastructure opportunities and challenges for the Enterprise M3 area whilst taking into account the digital revolution. Feedback on the event has been very positive.
- 4.13 This was achieved with over 100 delegates hearing a wide and varied range of presentations which sought to identify how we can work with our Key Strategic Partners Deliver Growth as well as considering what Infrastructure is needed to ensure our growth aspirations in the emerging Local Industrial Strategy can be met. The event also included a number of insightful presentations as to how Technological Advances can be Mobilised to Accelerate Economic Growth

5 Governance, Board and Team Recruitment

- 5.1 **Ross Mc Nally from Hampshire Chamber of Commerce and Ken Moon from the FSB** were appointed to the Enterprise M3 Board in January 2018.

- 5.2 Government published on 24 January 2018 new guidance for LEPs on governance and transparency - <https://www.gov.uk/government/publications/local-enterprise-partnership-governance-and-transparency-best-practice-guidance>. The requirements within this guidance have now been fully implemented by Enterprise M3 and updated documents can be found on the governance pages of our website.
- 5.3 Board and Chair recruitment activity continues to progress strongly with over 60 applications from interested candidates. The quality of these applicants is strong and we have also received positive feedback about the role of LEPs and Enterprise M3 from prospective candidates. We had particularly pressed our Executive Search team (Perrett Laver) on diversity and are pleased with the results at the longlisting stage and will continue to keep a close eye on this as the process continues. This work is be overseen by the Nominations Committee and interviews are scheduled for late April 2018. A recommendation is expected to be put to the full Enterprise M3 Board in early May 2018.
- 5.4 The plans for the reorganization of the team are underway. Rachel Barker has been appointed the Assistant Director Operations and we will be advertising for the AD for Business delivery soon. We are also seeking support from local partners.

6 Enterprise and Innovation

- 6.1 Tractivity have been appointed to supply the CRM to support the Internationalisation programme. Implementation is in process with go live planned for end of April 2018. Local authorities are invited to join CRM online demo session at beginning of April. This will be followed by in-house CRM training for 14 LEP authorities mid-April. CRM software has been developed with data protection to ensure compliance with GDPR regulations. To ensure compliance with GDPR by users, a formal agreement between all partners will be put in place.
- 6.2 The work of the Space Cluster Steering Group continues evolving and is progressing well. We are exploring various funding options including an ESA fund to help finance the Centre. We are discussing cross-sector collaboration across the South East region where we will explore partnership opportunities with key industry players and to start implementing some of the elements that the group has been developing. We are planning to pursue discussions with the 5G Space Lab and Earth-I on delivery of space services. Including video from space.
- 6.3 Our Joint International team is progressing well. In 2016/17 EM3 LEP achieved a total of 50 successes from FDI. In 2017/18 recorded successes are expected to be 34. 36% of these are from USA with 28% from the EMEA. This lower success rate is closer to the trend seen in years before 2016/17.

7 Communications

- 7.1 We have issued news releases around Marwell Zoo opening, the launch of BASE innovation centre at Whitehill& Bordon and recruitment for board members. We are currently preparing for the launch of Innovation South on 27th March. Several board members are attending and we will give a verbal update at the board. We are currently planning for the publication of our annual report and AGM on 8th June at the Village in Farnborough. Board members views on content and successes will be sought at Board meeting.

Kathy Slack

Enterprise M3 Director

22 March 2018