

Enterprise M3 Board

27 September 2018

Enterprise M3 Directors Report – Item 14

1. Taking Forward our Strategic Economic Plan/Industrial Strategy

- 1.1. The **Refresh of the Strategic Economic Plan** is with the printers at the time of writing this and board members should have a final copy to see at the board meeting. We would like to extend our thanks to partners, action groups and members of team who have shaped the final document.
- 1.2. We are now starting to use the document to direct activity and have started work with the Skills and Employability, Transport and Enterprise and Innovation Action Groups on taking the priorities forward. Barney Ely will give an update at the board on the Skills and Employability Action Group and Kevin Travers, Head of Transport, will report on initial work to shape our Future of Mobility strategy as part of the work to take forward the Local Industrial Strategy.
- 1.3. Each of these groups are now reworking their terms of reference and looking at how they draw in other business talent. We will be bringing TOR and future plans to our next board meeting.
- 1.4. We are at the final stages of agreeing the tri-LEP Energy strategy which will also form part of our Industrial Strategy.
- 1.5. We are planning to rename the action groups to best reflect the SEP and emerging LIS so the Skills Group is now adding “employability” to its name and will be especially picking up some of the Government’s Grand Challenges, in particular, exploring the impacts and needs of an Ageing Society and the implications of AI and Data on skills. Additionally, the Group will be pushing ahead with the focus on digital skills as set out in the SEP. Bob Pickles from Canon and Chair of the Surrey Employment and Skills Group has been especially helpful in working with Barney Ely and Sarah Carter, Head of Skills on priorities.
- 1.6. The Transport Group is reviewing its terms of reference and is likely to make greater use of sub-Groups, including one specifically on Future Mobility, which is considered as a separate item in more detail on this agenda. Ben Lawson from Enterprise has been invited to work with Kevin Travers on this policy sub group and Jim McAlister, from the Board, who has great experience in sustainability has also been asked to join.
- 1.7. The Enterprise and Innovation Action Group will be picking up key themes from the SEP initially looking at our International focus and how we support our businesses to export, working on our approach to digital connectivity and working with some of our key sectors, such as space, aerospace and defence, games and VR and Cyber Security.
- 1.8. We are also working with the BREXIT Group to further ways in which we can support businesses through this period of transition.
- 1.9. Government have now announced the next wave of Local Industrial strategies and they are working with Heart of the SW, Bucks and Tees Valley LEPs on the development of LIS. We will be starting conversations with government on a proposed LIS in October with our revised SEP providing the direction and ambition for this going forward. We would hope to be considered for the next round. We will also want to work with neighboring LEPs on cross LIS issues and will want to use the vehicle of Innovation South to share approaches.

2. UK Shared Prosperity Fund

- 2.1. Kathy Slack and members of our European Structural and Investment Funds (ESIF) Committee attended a consultation on the future of the UK Shared Prosperity Fund (UKSPF) in September.
- 2.2. The UKSPA’s focus is on tackling inequality by raising productivity. It is being positioned as part of three key blocks;

- The LEP Review and the strengthening of LEPs (to take on UKSPF)
 - The Local Industrial Strategy and identification of challenges, removal of blockages and a focus on productivity (the vision and where the needs are).
 - And finally, this leads to the UKSPF which is planned to be used with other funds to tackle some of the issues identified within the LIS around equality.
- 2.3. At this stage neither the amount of funding for the UKSPF has been announced nor how it will be allocated across the UK. The amount will be decided as part of the Comprehensive Spending Review which will get underway next year. Our expectation, at the current time, is that this is unlikely to be higher than our current figure of £45m for the 7-year programme. The Allocations policy will be determined by ministers reflecting on responses made as part of consultation. A possible green paper is planned for the Autumn. Our submission on what we want to both see within the fund and how it might work is going to be a key task for the months ahead.

3. **LEP Review**

- 3.1. We have done a huge amount to kickstart the recommendations flowing from The LEP review since the end of July when the “Strengthening LEPs” policy paper was published. Our proposal on the future boundary of the LEP is on the agenda for the Board. It has been informed by considerable analysis of the economic intelligence, engagement with local authorities and neighboring LEPs plus discussions with business, HE and FE as well as our whole board.
- 3.2. We are already moving ahead on the other recommendations emerging from the Review with our Resources Finance and Audit Committee meeting to push incorporation forward, Nominations Committee is discussing board make up and representation and as stated earlier we are looking to initiate work on our Local Industrial Strategy.

4. **Enterprise and Innovation**

- 4.1. Despite resource challenges and an increase in the annual HIGP (high growth high potential client) target, the Growth Hub successfully delivered 106% of this target for the month of July. However, the business engagement rate has been affected by seasonality, with engagement results dropping slightly to 80% in July 18 and 28% in Aug 18 (compared with achieving 168% of target in May 18 and 140% of target in June 18). The engagement rate is expected to pick up again from September onwards
- 4.2. The Space Cluster Steering Group has been reviewing the work presented by Rob Spurrett and the University of Surrey in relation to the Digital Space Campus vision business case. The recommendation of the steering group has been given to the University, requesting that the project must show how engagement with small and medium sized enterprises will be achieved and what the impact on the local economy will be. More evidence is required to show the demand from industry for the project. The group also discussed different options for funding and suggested that the University apply for the Industrial Strategy Challenge fund
- 4.3. 5G Region – the 5G Region concept and vision has been presented at both Joint Leaders and M3 Chief Executives meetings. A high-level plan has been developed outlining the resource requirements to take this concept forward to a business case. Further work is required to develop a full resource plan, and this is being developed with partners and officers in the Councils across the region.
- 4.4. SMEs in the digital creative sector can look forward to a boost in research and development support to drive their innovations in augmented reality and immersive technologies. This is thanks to a successful bid led by Royal Holloway University (RHUL) to establish an ambitious R&D partnership including Pinewood, the BBC and the British Film Institute (total available is £4-6m over 54 months)

5. **Skills**

- 5.1. We are delighted that Lisa Wheadon has joined the team as Skills Strategy Officer. Lisa will be supporting the Head of Skills and the Skills Action Group to deliver the Strategic Economic Plan and our emerging Local Industrial Strategy.

- 5.2. We have been recruiting Enterprise Coordinators over the summer to support the expansion of the Enterprise Adviser Network. Tracey Tatam, Chloe Giles and Mo Forgan have joined the team. The Enterprise Adviser Network will cover the 127 education institutions within the Enterprise M3 area by August 2020. We are continuing to recruit to the remaining posts.
- 5.3. We have provided responses to two consultations regarding college mergers in the Enterprise M3 area. Guildford College Group are merging with Activate Learning Group, and Alton College are merging with Havant and South Downs College. Our responses have reinforced the need for both the colleges in the Guildford and Alton area to develop business responsive curriculum and apprenticeships.
- 5.4. The Innovation South Virtual Campus (ISVC) continues to be developed by the Steering Group. The ISVC Steering Group were successful in their submission in July to Ufi Charitable Trust for their VocTech Impact 2018 fund and have now submitted the second stage application for development funding. The Steering Group will be seeking Local Growth Fund support to develop the capital element of the project.
- 5.5. The Department for Digital, Culture, Media and Sport (DCMS) have issued the Digital Innovation Fund of a total £1million. The fund aims to help people from underrepresented groups (women, disabled people, minority backgrounds, lower socioeconomic areas) gain the skills they need to work in digital roles (data analysts, programmers, cyber security specialists, software developer, marketeers). A further Digital Inclusion Fund of £400,000 aims to help older and disabled people get life-changing digital skills. Applications are expected from LEPs/Combined Authorities for projects with a value between £200,000 - £500,000. We are working with partners to scope potential projects for submission to the fund, deadline is 28 October 2018

6. Transport

- 6.1. Work has progressed on several key transport initiatives.
- 6.2. We have responded to the recent consultation on the next Cross Country Rail Franchise, which provides services linking the Enterprise M3 LEP area to the Midlands and North. The focus of the response highlighted the importance of retaining existing links and frequencies, whilst addressing lack of capacity on services in the LEP area south of Reading to Basingstoke and Southampton. This constrains business growth and activity, particularly during the peaks and we have therefore emphasised that the primary focus for changes for the next franchise should be to provide sufficient capacity by significantly lengthening trains. We also stressed that the economy within the Enterprise M3 area covered by the Cross Country franchise is one of the most buoyant in the country and the needs of business must therefore be at the forefront of shaping the franchise.
- 6.3. We continue to work with local MPs to ensure that our transport priorities are consistent with their aspirations and equally so they can help us championing investment in transport infrastructure nationally in our area. A recent meeting took place with Ranil Jayawardena, the MP for North East Hampshire to discuss strategic transport need on his area. He explained the importance of providing infrastructure to help meet growth aspiration and we highlighted that we are working on a multi-modal study with Thames Valley LEP and the local authorities that will look at the long term needs on the A33 Corridor and wider links between the M3 and M4 and how a new motorway link could potential support growth and address wider strategic issues on the M25.
- 6.4. As part of the Transport for the South East Economic Connectivity Review, several corridors across the Region were identified for further investigation. These are to be developed following on from the development of a Transport Strategy for the South East. However, we have decided it is important to bring investigations of the A33 forward, but it will be carried out so that it is fully consistent with the wider piece of work.

7. Recruitment

- 7.1. We have made great progress on recruitment this last month bringing in Helen Caney on Enterprise and innovation and four people to support skills and careers activity.
- 7.2. We have also taken on some additional staff to help drive our admin work and contracting as part of our drive on accelerating capital spend.

- 7.3. A senior resource for the EZ³ starts on 19th September.
- 7.4. We are interviewing for our second Assistant Director Business Delivery on 9th October with Stacey King and Nick Elphick helping with interviewing. We are pulling together a stakeholder panel as part of the final interviews and Board members are being very supportive to assist us with this

8. Other Activities

- 8.1. **Innovation South** are bidding for funds from the Strengthening Places Fund to deploy digital enabling technologies in the health and social care sectors initially to drive innovation and close the productivity gap in some of the region's coastal communities . An announcement on whether the bid, led by the University of Surrey, is through to the next application round is expected in late October.
- 8.2. Separately, the regional offices of the DIT are very keen to work and support Innovation South and its key sectors. They see Innovation South as a potential and much needed equivalent to the Midlands Engine & Northern Powerhouse; and have a preference for engaging with one organisation representing 6 LEPs. Installing robust, refreshed governance of Innovation South is critical to this and we are taking this forward.
- 8.3. Our Internationalisation Senior Project Officer met with UK Interactive Entertainment Association (UKIE), the only trade body for the UK games industry, to discuss working collaboration between Enterprise M3, Growth Hub, DIT and UKIE. UKIE is planning to organise a three day Guildford Gaming Festival in July 2019 and is looking for potential partners and demand
- 8.4. Enterprise M3 has been nominated for a High Potential Opportunity in Games. This opportunity is run by DIT and is part of the new foreign direct investment strategy focus on sectors and regions. The project will bring international investment and will develop the cluster. There were only 20 opportunities available across the country so this is a huge achievement for the region.

Kathy Slack
Enterprise M3 Director
19 September 2018