

Enterprise M3 Board Meeting

28 January 2016

Director's Report – Item 16

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

1. Devolution Deals

1.1. Both the Hampshire and Isle of Wight (HIOW) and the Three Southern Counties (3SC) devolution deals continue to progress. HIOW are relatively close to finalising a deal, but consensus has yet to be reached with regards to housing numbers and governance arrangements. Representatives from 3SC met with Government on 14 January to discuss their deal, with the three LEPs represented by the Chairman of Coast to Capital. The board paper for Item 7 provides further detail on both devolution deals, and Geoff French will provide a verbal update at the meeting to cover any new developments.

2. Core Funding

2.1. Central government confirmed on 22 December that £250,000 of core funding will be provided to each LEP for 2016/17. As in previous years, this amount is required to be matched locally and Enterprise M3 sent a letter to the Local Authorities in our area on 15 January confirming that the payments would be the same as for 2015/16; £10,000 from each district council and £20,000 from each county council, totalling £180,000. The remaining £70,000 will come from Further Education, Higher Education and other partners as direct contributions. We are still awaiting confirmation of capacity funding for 2016/17, but this is expected to be £250,000, the same as for this year.

3. Annual Conversation with BIS

3.1. Our first annual conversation with BIS took place on 7th December. These formal conversations have been held with all LEPs to review their progress in the delivery of key local growth programmes, and provide assurance for BIS to release funds for 2016/17. This was a positive discussion, with BIS demonstrating confidence in our ability to continue building on our existing strong performance in partnership working and project delivery. BIS have shared with us a draft note of the conversation, which confirms this.

4. Enterprise and Innovation

4.1. The Growth Hub has now completed its first quarter as a fully operational service. The table below provides a summary of its performance to date. This indicates that issues in recruiting staff in October have now been resolved and momentum is now building in terms of referrals and business engagement.

	Aug-Sept (test)	Oct	Nov	Dec	Q3	to date	Year 1 target	% Target achieved
Businesses referred	13	4	20	24	48	61		
In Scope	11	4	18	21	43	54		
Businesses Engaged	9	2	10	18	40	49	250	20%
Action Plans in Place	9	2	8	8	18	24	200	12%

- 4.2. The portal and resource network (available to all businesses) continue to be developed, and plans are in place to deliver 'phase 2' content including bespoke content for individual businesses, a significant section on Skills for Business, and a potential section for private sector providers. This will also incorporate opportunities to generate income for the Growth Hub. A database of Specialist Support is currently being developed for Growth Champions to use, linking with key private sector 'best in class' organisations. It is anticipated that this will be launched by the end of March.
- 4.3. Plans are currently being developed to secure alternative sources of income for the Growth Hub as part of planning for 2016/17. The Government has announced that future funding will be allocated via a bidding process, but details of this have yet to be released.

5. **Skills**

- 5.1. The Government launched a full review of post 16 education and training institutions in July 2015, with the aim of creating more financially stable and efficient providers and improved collaboration across the different types of institutions. The reviews are being conducted in five waves, all to be completed by March 2017. The Solent and coastal Sussex areas were identified in wave 1 and are both in the middle of the process. Surrey has been identified for wave 2. The process of the reviews is very prescriptive with desk based research and college site visits to be completed by March, followed by five steering group meetings comprising college leaders, key stakeholders such as the local authorities and the LEP, the FE Commissioner, the Sixth Form Commissioner, the Regional Schools Commissioner, BIS and the relevant agencies. The first steering group meeting date is set for 10 March and the review is to be completed in July 2016. A summary report of the review is due to be published in August, and the recommendations as a conclusion to the review are expected to be implemented from September 2016. Governing bodies will be responsible for deciding whether to accept recommendations relating to their institutions, however the expectations is that the funding agencies and LEPs will only fund institutions that have taken action to ensure they can provide a good quality and financially sustainable offer to learners and employers. There are four general further education colleges and six sixth form colleges in scope for this review. The engagement of LEPs and the local authority is essential to ensure delivery of the wider economic objectives for the area. We will be expected to provide data and evidence of the local economic need for skills and future gaps in provision and employer views. Hampshire is identified in wave 4 to commence in September 2016 but no further details have as yet been provided. We will want to involve board members in the process.
- 5.2. Last autumn we invited several organisations in the area to tender for the Enterprise Coordinator to work in the Rushmoor and Waverley area. The coordinator role is a pivotal role for Enterprise M3 forming part of The Careers & Enterprise Company's national Enterprise Adviser Network programme that will aim to motivate, inspire and support young people in making informed choices about their future. The successful organisation was Basingstoke Consortium in partnership with SATRO. These two organisations have an excellent history and experience of delivering careers, information, advice and guidance across Surrey and Hampshire. The contract is to deliver the Enterprise Adviser Network to secondary schools and colleges in the Rushmoor and Waverley area until August 2016. To date we have had enquiries from 13 employers in the area who are keen to engage with the programme. Early discussions have taken place with the Careers & Enterprise Company regarding future funding and expansion for the programme across the Enterprise M3 area. The prospect of extension of the programme both in period of time and coverage is encouraging. An announcement is expected in March 2016.

6. **Transport**

- 6.1. We have recently responded to several transport related consultations and also continued with a joint commission with our neighbouring LEPs to quantify the economic benefits of investing in transport infrastructure in the South East.

- 6.2. Before Christmas Government consulted on the Shaw Report concerning the future shape and financing of Network Rail. The key issue that we highlighted was the need for Network Rail to have strong leadership and accountability, rather than further fragmentation or privatisation. More important than the overall structure and ownership model of Network Rail in the future, is its ability to engage proactively and positively with local stakeholders.
- 6.3. A further rail related consultation was related to the development of Crossrail 2, which although a London focussed scheme is key to unlocking capacity on the South West Mainline. We reemphasised our strong support for Crossrail 2 as a means of providing further capacity on all routes into Waterloo over the longer term. We highlighted that we believe that the current proposal for new infrastructure for Crossrail 2 could free up some capacity on the existing slow lines that could be used instead by South West Mainline services, and so has the potential meet a large proportion of the forecast future demand for rail capacity. There is clearly a significant number of ways in which this additional capacity could be used, however, at this stage the LEP believes that no firm decisions need to be made, but that all interested stakeholders need to be mindful of the options and trade-offs available.
- 6.4. Finally in terms of consultations, we responded to a Call for Evidence from the National Infrastructure Commission, which is looking at future investment in London's transport infrastructure. Our key concern with this work is the potentially dismissive reference to the South East as London's "commuter hinterland." We emphasised strongly that if the Commission is going to achieve its aims it is essential that it recognises that the importance of the economy of the areas around London in their own right and not merely as an area that serves the needs on London. It is essential that the work of the Commission recognises that economic success in the wider South East benefits London and indeed the whole of the UK.
- 6.5. Our response to the Call for Evidence also pulled on work we have jointly commissioned with Coast to Capital, Solent and Thames Valley Berkshire LEP to quantify the economic case for improving connectivity in major strategic movement corridors across South East England. Consultants have developed an economic methodology to identify and define movement corridors. We intend to use this information to lobby Government, highlighting that any failure to invest in this area will add to congestion, frustration and costs that businesses across the UK face when using the South East strategic transport corridors. The key point is that investment is needed to maintain the attractiveness of the area for business and to secure the delivery of key development sites, new homes, new commercial floor space and new jobs. Without strategic investment in high quality transport infrastructure London and the South East runs the risk of losing businesses to international competitors. A draft report was considered by the project steering group on 17th December and the final report is scheduled for January 2016. Once we have the final report we will then need to investigate how to take it forward, both in terms of lobbying government for investment and working with stakeholders such as Highways England and Network Rail. It is estimated that we will be able to bring an update on this work to the Board meeting in March.

7. Infrastructure and Housing

- 7.1. Enterprise M3 have recently commissioned Regeneris and Aspinall Verdi to provide a high level update of the 2013 Commercial Property Market Study. The main aims of the research are to:
- provide the LEP with a robust evidence base on commercial property market conditions in different parts of the EM3 corridor;
 - analyse recent trends in the LEP's priority growth sectors, and understand the key location and property requirements of these sectors;
 - identify the key opportunities and challenges facing the commercial property market in different parts of the LEP area, and

- make recommendations on how the LEP and its partners can use their funding and influence to address the strategic opportunities and challenges identified in the report, and support the growth of key sectors.

The study is being overseen by Enterprise M3's Land and Property Group. A vital part of the research is a series of breakfast workshops with commercial property agents in different parts of Enterprise M3 to test and refine the findings with those companies who are closest to the market. The breakfast workshops will take place from 8.00-9.00am as follows:

- 24th February - Winchester - covering the Central Hampshire and New Forest market areas
- 25th February - Basingstoke: covering the Basingstoke/Andover market area
- 29th February - Guildford: covering the Guildford/Woking and Blackwater Valley market areas
- 3rd March (to be confirmed) - Chertsey: covering the Upper M3 market area

The consultants are also working closely with planners and economic development officers from the District and Borough Councils, the Chambers of Commerce and representatives from key sectors. If you have any questions about the study or wish to attend one of the workshops, please contact Nikki (nikki.nicholson@surreycc.gov.uk).

- 7.2. Arrangements have been put in place to support the work of the Land and Property Group during Rachel's maternity leave. There will be three staff members supporting the Group in Rachel's absence, as follows:

Lead responsibility for Group	Kathy Slack
Secretariat and support	Fay Eames (Hampshire County Council)
Management of Commercial Property Market Study	Nikki Nicholson (Surrey County Council)

8. Staffing

- 8.1. We published three vacancies on 18 January for a Head of Strategy and Policy, a Project Officer for ERDF Technical Assistance and a Joint Project Manager for Higher Education. The application deadline for all three is 3 February, with interviews planned later in February.
- 8.2. The vacancy for Head of Strategy and Policy is open following the unsuccessful recruitment of a Policy Manager in 2015. The post has been upgraded and the selected candidate will lead on Enterprise M3's strategy and policy development. They will also have an influential leadership role in overseeing stakeholder/partner engagement and in developing and coordinating our overall approach to programme design and implementation. This role will cover many of the tasks taken care of by Jeff Alexander after he takes up his new role with Gatwick Diamond Initiative in April. We have already had strong interest in this post.
- 8.3. The Joint Project Manager for Higher Education will support further development of Enterprise M3's relationship with its partner universities. We are committed to close collaboration that recognises the importance of our universities to our economy and in particular the role they play in driving innovation through both their world-leading research and how they support businesses to innovate. The Joint Project Manager will have the central role in taking this relationship forward and maximising opportunities for joint-working to capture national and international investment that supports our key sector and technology strengths.
- 8.4. The Project Officer for European Regional Development Fund (ERDF) will support the development of ERDF funded projects in the Enterprise M3 area. They will work as part of the Enterprise M3 Technical Assistance (TA) Network to deliver support, guidance and partnership engagement for the LEP area. Engaging with and supporting SMEs, universities

and business support organisations with the ERDF regulations and the ESIF strategy for the area, and providing general advice, support and information to applicants and project partners on project development, implementation and reporting.

- 8.5. We are still in discussions with the Treasury about hosting a Civil Service Fast Stream secondment this year. We submitted a proposal in December, focussing on the Digital Taskforce, but no suitable candidates were found in the first matching round. The second matching round will take place in February for secondments starting in April for six months.
- 8.6. Rachel Barker started her maternity leave on 15 January. While she is away her tasks will be covered by other team members and by staff from Hampshire and Surrey County Councils. Housing and Infrastructure projects will be handled by the relevant area leads while Tanja Aijo is taking the lead on Growing Enterprise Fund.
- 8.7. Kathy Slack has been on sick leave following her operation in early January but has started to work part time this last week from home. She will be attending the board meeting and should be back fulltime and out and about from 1st February.

9. **Science and Innovation**

- 9.1. We are working towards submitting an Expression of Interest for the Government's Science & Innovation Audit programme. This programme aims to develop and test an evidence base for investment in areas that can demonstrate research excellence together with emerging innovation strength. The deadline for EOIs is 29 January.
- 9.2. The Expression of Interest is being prepared by a consortium led by Enterprise M3 (in collaboration with neighbouring LEPs) and includes representatives of our universities (including Southampton and Portsmouth) and other centres of research excellence. It will focus on enabling technologies, flowing from our strengths in digital technologies, and how these interact with our key specialisms (research and business) to produce opportunity for world-class innovation and business growth.
- 9.3. On 19 January we held a successful Innovation workshop jointly with Solent LEP and the Government's Smart Specialisation Hub. Mike Rushworth (as chair of the Enterprise M3 Innovation & Enterprise Action Group) Malcolm Parry and Andrew Lambert attended. This workshop provided an opportunity to test a proposed list of regional specialisms and identify where the area has real comparative advantage on which we should focus. The current list of specialisms (incorporating both Solent and Enterprise M3 priorities) is as follows:
 - Marine and Maritime (with a focus on autonomy);
 - Advanced Materials;
 - Photonics;
 - Digital Technologies (with a focus on Cyber Security, 5G technologies, IOT and media and gaming);
 - Advanced aerospace/automotive (with a focus on satellite systems and autonomy)
 - Healthy Living (including Animal Health).

10. **Western Basingstoke (Manydown)**

- 10.1. The capacity work on Western Basingstoke is progressing well and feedback from DCLG is encouraging around further capacity work and funding for 2016/17 for the three partners of Basingstoke and Deane, Hampshire County Council and Enterprise M3. We are exploring with BIS Local about how we might use a similar approach elsewhere in our area.
- 10.2. We held a Skills and Education Workshop for the Western Basingstoke area (Manydown) with Basingstoke and Deane BC and Hampshire County Council on 24th November. This provided a very useful opportunity for public sector partners, training providers and some

private sector input to feed into the Education and Skills Strategy that Enterprise M3 is leading on for the development as a whole. A further workshop is planned for 1st February to seek further input from the private sector. Several board members have already confirmed their attendance (Malcolm Parry, Nick Elphick, James Cretney, David Barnes and Tim Colman). It is important that we seek as much input from employers as possible, and we would welcome the involvement of any further private sector board members who are able to attend.

11. Digital Task Force

11.1. We have carried out some research looking at models of Digital Taskforces across the rest of the country and have drawn together some first thoughts on developing an action plan flowing from the Digital Technologies report. We think our focus should be on getting the Taskforce established. The strategy and action plan would then be developed under the leadership of the Taskforce. Early work has set the context and objectives for the Taskforce, the components of a strategy/action plan that it would lead (drawing from our Digital Report and Lucy Crabtree's paper on work done elsewhere) and starts to look at membership. Our plan is that this is discussed with a selection of board members and at the next Innovation & Enterprise Action Group for their input before going to the main Board with clear recommendations. If board members are interested in what other areas are doing in the digital arena please contact Lucy Crabtree (lucy.crabtree@enterprisem3.org.uk) for a copy of her report.

12. UKTI Update

- 12.1. The new minister responsible for UKTI, Francis Maude, has instigated a full review of UKTI activity, covering both trade and inward investment. Enterprise M3 has been interviewed as part of this process and has provided detail on the services as they currently stand, and recommendations for future development.
- 12.2. On 28 January, prior to the board meeting, representatives from Enterprise M3 will meet with Marian Sudbury from UKTI as well as representatives from Hampshire and Surrey County Councils to discuss inward investment in the Enterprise M3 area, to identify how partners can work together maximise the key strengths of the area and upcoming opportunities such as the new Enterprise Zone.

13. Collaboration on Funding Escalators

13.1. We are currently in the process of arranging a meeting with Thames Valley Berkshire and Coast to Capital LEPs to share learning and explore the potential for further synergies in the management of funding escalators (all three LEPs use the FSE Group for this). This will also be an opportunity to discuss the potential for LEPs in the South East to invest the second tranche of legacy money from SEEDA in a joint fund.

Kathy Slack
21 January 2016