

**Enterprise M3 Board Meeting**

**29<sup>th</sup> November 2016**

**Director's Report - Item 17**

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

**1. Strategic Policy Development**

- 1.1 We are developing plans to further **review our Strategic Economic Plan** building on the work we have set in train this year, such as the commercial property activity, enterprise zone development and post 16 Review activity on future trends. This work will link with the Government's plans for an Industrial Strategy. We are staying close to government's latest thinking and a green paper is expected at the Autumn Statement. There is a paper for noting in your Board papers.
- 1.2 We are continuing to gather intelligence around Brexit implications and our latest report is attached at Annex 1.
- 1.3 Our second Annual Conversation will be taking place on 13 December 2016. This will be an opportunity for us to brief Government on what we have achieved to date through our Local Growth Fund and Growing Enterprise Fund and will also operate as the formal 'gateway' through which we will secure Local Growth Fund for 2017/18.

**2. Local Growth Fund/Growing Enterprise Fund**

- 2.1 Board members will be aware of the **indicative LGF3 allocation of £35-40m** which we are challenging. We have been in negotiation with Government over the past couple of weeks regarding our LGF3 allocation. It is now becoming apparent that the Government has decided to favour areas with mayoral devolution deals in the allocation of Growth Deal funding, but after receiving strong protests from several areas, they are remodelling their allocations. We expect to be told our final allocation imminently. The funding we eventually receive will not be ringfenced to particular projects, so we will need to go through a process of reaffirming our priorities and identifying where projects can be amended to maximise the impact of our funding. We are speaking to partners about how projects can be recast, other funding secured or the work phased.
- 2.2 We have launched the **5<sup>th</sup> round of our Growing Enterprise Fund** in October which will remain open until all available funds have been allocated or until the end of 2018, whichever is sooner. We already have applicants looking to bid for funds. The prospectus and application form can be found at <https://www.enterprisem3.org.uk/growing-enterprise-fund> . We are keen that our partners promote this scheme widely. A flyer has been produced and copies will be distributed at the meeting. See separate Board paper.
- 2.3 Rachel Barker has been **reviewing our KPIs and our monitoring and evaluation** activities on major projects as well as looking at how best we demonstrate our wider impact. See separate impact and performance paper. We have redesigned our performance dashboard which is attached to the LGF Programme Update paper.

**3. European Funds**

- 3.1 The situation on EU funds is now a little clearer and we are beginning to see EU contracts being agreed. See separate EU paper for noting.

#### 4. Enterprise and Innovation

- 4.1 We expect to hear whether our **Science and Innovation Audit, Innovation South**, has been successful or not this coming week.
- 4.2 Rachel Ford from Surrey CC has been leading some work with Andrew Lambert on our **international activity** following the Board member discussion in Sandown. This work will link with the Science and Innovation Audit activity and the work to develop and promote our Enterprise Zone.
- 4.3 We attended **MIPIM UK at the end of October** to showcase our enterprise zones under the banner Greater Thames Valley @ MIPIM UK. Indications were that MIPIM UK was not as busy as the previous year but that there were a number of investors looking for a “ready” product. We will be reviewing our plans for next year with our neighbouring LEPs.
- 4.4 The MOU for the **Enterprise Zone** was officially signed at MIPIM UK in October by the Chair of the Programme Steering Group and Enterprise M3 Board member Nick Elphick, and Minister of State for Local Growth and the Northern Powerhouse Andrew Percy.
- 4.5 We have now appointed consultants from Cushman & Wakefield and Regeneris to deliver the implementation plan for our Enterprise Zone. They will be working hard over the next few months to deliver a final plan in time for the EZ to become operational on 1 April 2017. The plan will comprise an economic vision for the EZ, an investment plan, and an outline business case to support investment decisions. Work will start on promotion and marketing of the EZ and this work will feed into the Internationalisations Task and Finish Group chaired by Andrew Lambert and supported by Rachel Ford.
- 4.6 I am hoping that representatives from Cushman and Wakefield can attend our Board meeting to update on progress and to talk through the investment model in general terms.
- 4.7 Mark Pearson from Surrey County Council has joined the team on a secondment for 2 days per week until the end of January by which time we hope to have recruited a permanent director.
- 4.8 Our **Growth Hub** have held a number of successful events with business and partners are reporting back on the added value of working together. Setsquared, Finance SE (our expansion and equity fund partners) and Innovate to Succeed (EU programme on leadership) are all reporting on the strength of Growth Hub referrals. There is a separate paper on Growth Hub progress and Nicki Clarke (CE BE Group) and Roya Croudace (Growth Hub Manager) will be attending the Board meeting. Government have awarded funding for a further year of Growth Hub activity to all LEPs and it is still unclear what will be funded from March 2018. Our Growth Hub contract comes to an end in March 2017 with a possible option to extend built into the contract.

#### 5. Skills

- 5.1 The two Post-16 Area Reviews covering Surrey and North and Mid Hampshire have concluded. The purpose of the Post-16 Area Reviews is to put colleges on a stronger financial footing whilst also enabling them to better meet the economic and educational needs of students and employers for the long term. Throughout the review, colleges have worked closely with the LEP(s), local authorities and the review team, sharing detailed information about their performance and processes. The reviews have agreed recommendations which include colleges exploring mergers, conversion to academies and further collaborative work. We are working with colleges to support the implementation of the recommendations. The reports are yet to be published by Government.
- 5.2 The first of our STEM skills centre was officially opened. Andover College’s new multi-million pound Technology and Future Skills Centre was officially open by Jon Stannah, Managing Director of the Stannah Group. The modern £3.9m building, located in the heart of the College’s town centre campus, is fully equipped to provide employers, existing professionals and those looking to enter a career in these industries with spacious, contemporary workshops offering the very latest in advanced technical skills for the construction, motor vehicle and electrical trades.

- 5.3 Sarah Carter joined Basingstoke & Deane Borough Council on an EU funded project, TechTown, to visit Cēsis in Latvia. The trip was an opportunity for 11 towns across 10 EU countries to discuss issues around digital skills, attracting and retaining talent, and share experiences and best practice. The towns shared similar issues businesses reporting skills shortages and vacancies, the challenges around retaining talent within the town and an ageing workforce. The towns were each addressing the issues in differing methods such as coding lessons for young people, hackathons and science nights, place making to attract a skilled workforce, grants to support businesses to recruit local individuals, subsidised housing for digitally skilled people and their families, creative co-working spaces. Sarah will input her experience and learning into our digital work.
- 5.4 Four European Social Fund (ESF) projects contracted. These include the Technical Assistance which will be delivered by Enterprise M3 in partnership with Hampshire and Surrey County Councils and the Association of Learning Providers Surrey (ALPS) to help promote future projects and support applicants to develop good bids. A project to provide skills and support to individuals wishing to start a social enterprise will commence in November 2016 and is being delivered by a consortium led by WSX Enterprise and is match funded by the Big Lottery Fund. The third project will provide upskilling opportunities to individuals in employment wishing to progress further in employment, this includes people at risk of redundancy, and will also provide quality in depth information, advice and guidance. This project is being delivered by a consortium of five of our FE Colleges, led by Sparsholt College, and is an excellent example of the collaboration work we have been involved in with the colleges. The fourth project will provide support and training to individuals currently unemployed to enable them to engage in the labour market, or for those furthest away from the labour market to move closer to it. This project will focus on developing a skilled workforce for our key sectors and will be delivered by Skills Training UK.

## **6. Transport**

- 6.1 On 25th October the Government announced that it supported the expansion of Heathrow recommended by the Airports Commission because of the major economic benefit this will deliver to the area. The LEP issued a joint press release with Thames Valley Berkshire, welcoming the announcement by Government that it will address the lack of airport capacity in the South-East. The backing of Heathrow expansion is exactly what our businesses state they need with the success of the Enterprise M3 economy in Hampshire and Surrey depending heavily on the strong links to Heathrow Airport.
- 6.2 We are now working with partners to ensure that this decision is accompanied by improved infrastructure, in particular rail connections to the west and south to capitalise on the increased employment potential. These infrastructure improvements now need to be brought forward and delivered as soon as possible, so that the existing airport can function effectively and be ready for its expanded role. In particular we are pushing that Government firmly commit to the delivery of a southern rail access to Heathrow as soon as possible.
- 6.3 As part of this we are members of the Heathrow Strategic Planning Group, which has been set up to enable collaborative working towards capturing the economic benefits as well as mitigating negative impacts emerging from growth at the Airport, whether this is as a two runway or three runway option. The Group launched its shared vision to key stakeholders and Council leaders at an event in November. The principles so far identified include place making, environment, transport/infrastructure and socio/economic, with sustainability a central cross-cutting theme.
- 6.4 Work has been progressing on taking forward the outputs and conclusions from the 4 LEP Study we commissioned to assess the potential economic benefits of investment in various strategic transport corridors. The focus of the study was on the wider economic impacts of the strategic corridors and specifically, how these can help boost connectivity and productivity in the region. These corridors address the lack of orbital connectivity around London and the need to link better to ports and airports.

- 6.5 Geoff and colleagues from the other LEPs recently met with Andrew Jones, Parliamentary Under Secretary of State for Transport to put forward the case for investing in strategic transport infrastructure in the South-East, by bringing the conclusions of the Study to the attention of the Minister. The Minister was very positive, emphasising that this was exactly the sort of bottom-up approach that he was seeking to encourage.
- 6.6 He particularly supported our approach of sharing it and promoting the conclusions with key decision makers, such as Highways England and Network Rail and suggested that we should seek to arrange meetings with them to confirm the specific corridors highlighted in the study as well as discuss how we commence the process of developing solutions to achieve the connectivity and secure the economic growth that we believe can be achieved. As a result, initial meetings with both Highways England and Network Rail have been scheduled for December.

## **7. Housing and Commercial Property**

- 7.1 We are expecting a number of announcements relating to housing as part of the Autumn Statement, including the successful Garden Village proposals. Linked with this, we are looking to update the major housing sites map developed in 2014 as part of our housing evidence base. Rachel Barker is also working alongside a number of other LEPs, DCLG and the LEP Network on a piece of work on how LEPs can best support the housing agenda.
- 7.2 The Land and Property Group is also looking at how Enterprise M3 can assist in 'signposting' developers to the different funding streams that are currently available, both from Enterprise M3 and also other bodies such as the Homes and Communities Agency.
- 7.3 Nikki Nicholson from Surrey County Council is continuing to support us on our Commercial Property Study and is developing an action plan which will be presented to the Land and Property Group in December 2016.

## **8. Communications**

- 8.1 Our conference proved a great success with much praise on the day and feedback forms are being received, with comments such as:

- *"I really enjoyed the content and the chance to interact with so many key stakeholders of Enterprise M3 LEP."*
- *"Great event, really informative and inspiring speakers"*
- *"Great sense of collaboration about the whole event"*
- *"great conference, thanks for organising it. I have been to other conferences where they have used Google hangouts etc as part of the conference which might be good?"*

At one point we were even trending on twitter. A total of 200 people attended with 140 of guest paying for tickets which is 70% higher than last year. We secured 3 sponsors with Surrey Research Park being our headline sponsor, and 11 exhibitors. Delegates liked the venue. The only downside was the disappointing use of the bus that Stagecoach laid on for us. We need to promote this more in future. Once again Chris Shipton's cartoon drawings of the event were a big hit and we will be using these in future literature and presentations. We hope to have copies for board members at the Board meeting.

- 8.2 We have revised our general booklet which was distributed at the conference and Board members will be supplied with copies. We have also created three new leaflets to advertise the opportunities of the Growing Enterprise Fund, Apprenticeship Ambassadors and Enterprise Adviser Network.
- 8.3 We met with George Hollingbery, MP for Meon Valley and parliamentary private secretary to Theresa May in October and have had a further meeting with Ranil Jayawardena in November. We are meeting with Phillip Hammond in December plus he will be opening the Brooklands Advantage STEM Centre on the 9<sup>th</sup> December. Tim Jackson will be representing Enterprise M3 at this event. We have now heard that Jo Johnson, Minister of State for Universities, Science, Research and Innovation and Enterprise M3 champion will be visiting us in the New Year. We think this may be in January.

- 8.4 Board members will be aware of a series of enquiries from the Daily Mail. The Daily Mail have been sending LEPs a number of enquires over recent weeks. Over the last few days we have been working on a response to a number of detailed questions from the Daily Mail which have been focused on potential conflicts of interest of Board members and expenditure by the LEP. We have robustly addressed each of the questions raised by the Daily Mail and confirmed that processes have been adhered to. We expect that an article will run in the Daily Mail this week and will provide Board Members with some 'lines to take' when it is published.
- 8.5 We have released press releases on the signing of the MOU for the Enterprise Zones, the Government's decision to expand Heathrow Airport and the new digital hubs for start-up and SMEs ERDF project in the last couple of months. We have also published two case study success stories for RazorSecure and On The Menu both receiving funding through the Funding Escalator loan schemes.
- 8.6 We have recently received revised guidance from DCLG on our Assurance Framework and will be reviewing this in the coming weeks to ensure that we are compliant with the revised guidelines. In parallel, we will be working with members of all our governance structures to ensure that declarations of interest are up to date. Once our new Communications Manager is in post, we will be working with them to review the user-friendliness and transparency of our website.

## **9. Resourcing**

- 9.1 Since September, we have said goodbye to Pam Jones, our ERDF TA Project Officer, Dan Wilkins, who was on secondment from the Civil Service working on our digital strategy, and Kate Swaby, our Project Coordinator. Rachel Barker has now returned from maternity leave and Tanja Aijo will be staying on until the end of December to provide additional support on projects and programmes.
- 9.2 We have advertised for three new posts to join the team: an executive assistant, a communications and engagement manager, and we are also going back out for the Enterprise Zone Programme Director role. This is being filled on a part-time (0.4FTE) and interim basis by Mark Pearson, on secondment from Surrey County Council. We are also looking into securing secondments from the private sector to support us on our low carbon and digital strategies. The updated organisation chart is attached at Annex 2.

## **10. Devolution Deals**

- 10.1 The team continue to be involved in the development of the devolution deal for 3SC. 3SC have now established an interim governance structure with Louise Goldsmith, leader of West Sussex, appointed as the chair with two deputies one of whom is Moira Gibson. The LEPs will sit on this group and we are now arranging to meet alongside the two other LEPs involved, SE LEP and Coast to Capital to develop a joint approach. We are jointly working on an "umbrella" Strategic Economic Plan for the area as well as sitting on the skills and digital working groups.
- 10.2 We are continuing to work with the Heart of Hampshire and have fed into a piece of work by PWC exploring unitary and combined authority options.
- 10.3 A linked debate is ongoing on the role and geography of a Sub Regional Transport Body and Geoff French is leading on this activity for the GTV LEPs. There is a separate paper on this for the Board and colleagues from the Highways Authority at Hampshire and Surrey will be joining the Board to explore options.

Kathy Slack  
20 November 2016

## Enterprise M3 : Feedback post EU Exit Vote: November 2016

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This is our fourth report reflecting recent feedback from business support organisations and our wider partners in the EM3 area. We are now holding monthly conference calls and continuing to gather information from wider sources such as our Board, Action groups, FE and HE partners and sector based bodies.

Recently, the general mood seems to be that Brexit is no longer the issue of the moment (perhaps eclipsed by the results of the US presidential election). A continuing theme is that uncertainty is damaging and businesses are not taking significant decisions until the Governments' position is clearer. The FSB is reporting (in its first survey since Brexit) that business confidence is at a 6 year low. A regional analysis by Oxford Economics is reporting growth prospects downgraded but London is expected to weather any storm. The South East remains fastest growing UK region outside London, but the Northern devolved economies and especially Northern Ireland are likely be more adversely affected.

It is encouraging to hear the message that 'government is listening' as it shapes its negotiating position and we are keen to ensure that the voice of our business community is represented in these discussions. We would welcome the opportunity to input further into these debates.

### **Feedback from organisations and partners**

**FSB Quarterly Business Survey** (first one since Brexit) reports SME business confidence at lowest point for 6 years. Companies reporting no/lower levels of investment; no plans to recruit with some looking to reduce headcount; trading figures outlook gloomy and SMEs not reporting any upturn in exports; USA orders on hold pending exchange rate fluctuations.

**Oxford Economics (UK regional briefing Sept 2016)** reporting growth prospects downgraded but recession avoided in the short term. London will weather the storm and the South East remains the second fastest growing UK region. Highlighting 4 key trends:

- Uncertainty is dampening investment
- Higher inflation and weaker employment growth will squeeze consumers
- Weaker Sterling will boost net exports
- There will be no further austerity in the medium term

**Labour force** - remains a big concern – EU nationals likely to leave as the value of the money they send home reduces, and evidence of people feeling less welcome in the UK. Reducing pool of talent to recruit from as people staying in current jobs because of uncertainty. This is impacting on companies' ability to attract talent and is making recruitment agencies job a lot harder as they have to attract a passive workforce who are less keen to move into new employment.

**Investment and exports** We are seeing several examples of investments proceeding but discounted. Foreign investors are active. However, the Chambers have reported difficulties in engaging small businesses with international trade events. They have planned two joint international trade events, aimed at encouraging companies to export to Spain and Poland which have generated little or no interest. Businesses are seemingly reluctant to engage in this time of uncertainty and are concentrating on getting orders in and processing deals already on books.

**Rural/environmental sector** – Brexit is presenting government with a good opportunity to have a fundamental re-think about how agricultural subsidies work. There is an opportunity put in place “smarter” methods to support farming and the agricultural sector (holistic approach, use of technology, increasing productivity). This is balanced by severe concerns about the impact on the labour force if freedom of movement is curtailed. Evidence is also suggesting that EU nationals are thinking of leaving the UK because the value of their wages in their home country is reducing due to exchange rate fluctuations. The sector has a significant dependence on a EU workforce and this is viewed as a key threat.

**Construction sector** - There have been reports of a number of building companies discounting their project quotes by as much as 6%, looking to fill their order books in light of uncertainty. SME housebuilders/developers are feeling positive about opportunities presented by Brexit. However, there are concerns about the construction workforce, and whether the governments' plans for major infrastructure projects such as HS2, Heathrow, Western Rail Access, Crossrail may run into difficulties or delays if Brexit limits access to an EU workforce. (see also rural sector below) The Heathrow announcement is seen as very positive and companies linked to airport more upbeat.

### **Other actions**

We are continuing with monthly conference calls and evidence gathering from our partners and action groups

We are keen to feed in to Government as it shapes its Brexit strategy and would welcome any further opportunities to engage in this.

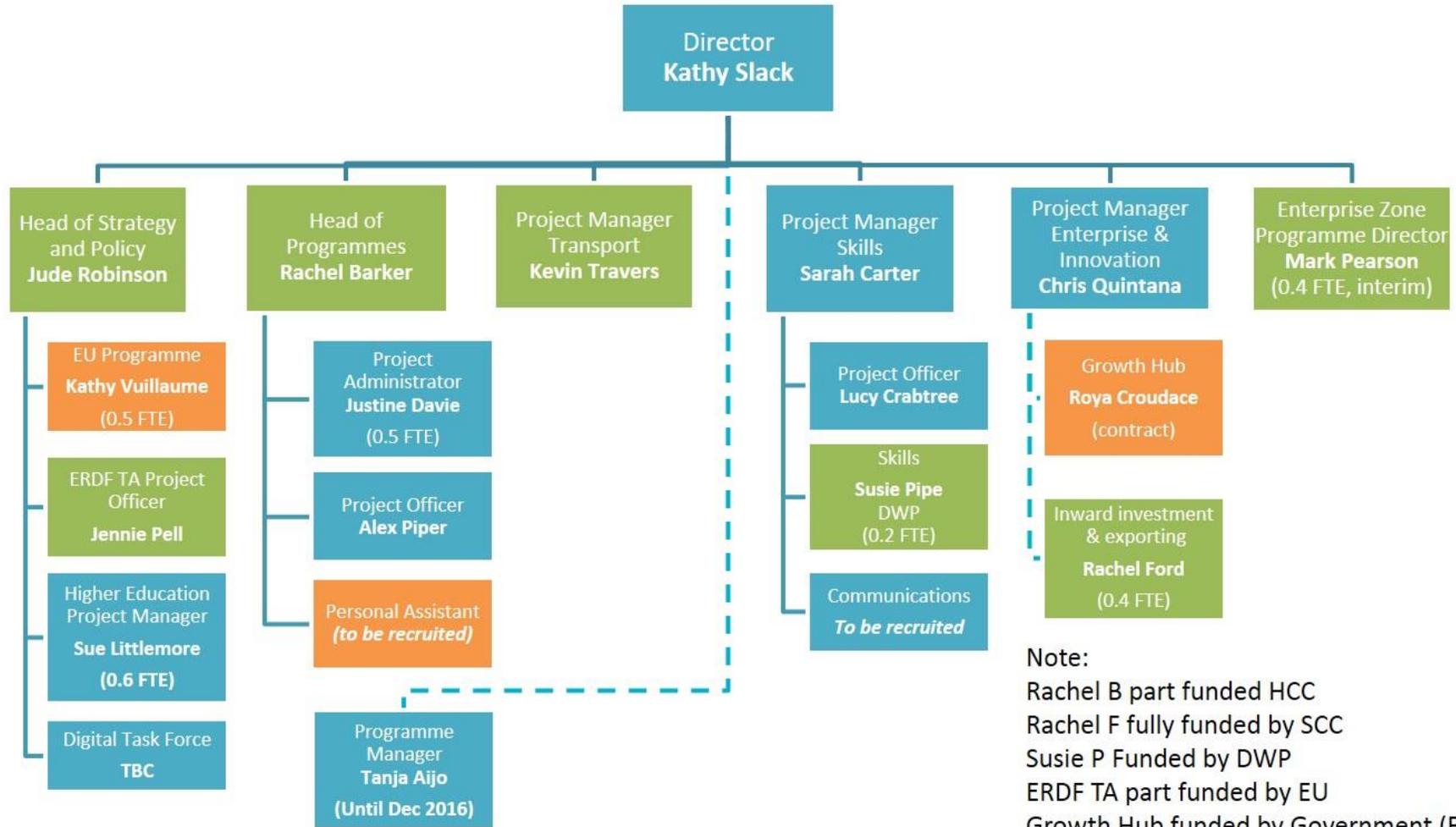
Jude Robinson

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21 Nov 2016

## Enterprise M3 Organisation Chart



Note:  
 Rachel B part funded HCC  
 Rachel F fully funded by SCC  
 Susie P Funded by DWP  
 ERDF TA part funded by EU  
 Growth Hub funded by Government (BEIS)

