

Enterprise M3 Board Meeting

31 January 2019

Planning for Brexit - Item 12

Board Members are asked to

NOTE the role of the LEP in preparations in the Enterprise M3 area for the UK leaving the EU and an update on recent activity.

1. INTRODUCTION

- 1.1. The Government has significantly expanded and accelerated its preparations for Brexit in recent weeks. As part of this, BEIS has sent a clear signal that LEPs' closeness to business and their role gathering intelligence and in business support is highly valued and is being recognised at the highest level.
- 1.2. The purpose of this paper is to inform the Board of the role of the LEP in preparations in the Enterprise M3 area for the UK leaving the EU. This includes the responsibilities asked of LEPs by Government; assessment, as far as possible, of the impacts of Brexit on the Enterprise M3 economy and business operations; and an enhancement of our business support activities.
- 1.3. Board members are asked to refer to several requests to support this work set out in the conclusion to this paper.

2. CONTEXT & THE ENTERPRISE M3 WAY

- 2.1. As part of its own scenario planning, including for a No Deal (still on the table at the time of writing), the Government has stated it is working to ensure businesses have the information they need to prepare, and that BEIS has regular and ongoing engagement with research institutes, businesses, and business and trade representative groups to discuss their priorities and concerns.
- 2.2. BEIS has called on LEPs and their Growth Hubs to play a significant role in this. This request acknowledges the importance of LEPs to the delivery of Government economic policy and the value placed on our close contacts both with businesses in our areas and also with our partners, such as Chambers of Commerce, FSB and trade organisations, with similarly strong networks.
- 2.3. The package designed to help businesses in our area, especially SMEs, manage the potential impact of Brexit has been developed in line with **3 important principles**:
- 2.4. **Support is impartial** – the tone and content of the communications with business is politically neutral. The focus is firmly on delivering impartial and professional support to businesses in a time of economic uncertainty.
- 2.5. **Support is developed and delivered in partnership** – from the outset Enterprise M3 is working closely alongside a range of key partners

- 2.6. **Support is practical** – focusing on expert advice, helping businesses to carry out informed risk assessments and realistic scenario plans

3. DEVELOPMENT & DELIVERY OF THE PROGRAMME OF SUPPORT

- 3.1. Since the late Summer the “Brexit intelligence and planning steering group”, originally formed immediately after the referendum, has been meeting more frequently.
- 3.2. Convened by Enterprise M3, and chaired by Ross McNally, the group’s membership includes Chambers of Commerce Surrey & Hants, FSB Surrey & Hants, Enterprise M3 Growth Hub, Hants & Surrey County Councils, Business South. DIT representatives have also attended meetings. District local authorities have been involved via communications with their economic development officers and they have been kept informed of our plans.
- 3.3. The Enterprise M3 and Partners’ programme of business support for leaving the EU, which has been developed by the group, has 3 main elements:
- 3.4. **Intelligence gathering from** businesses regarding their Brexit readiness. Enterprise M3 hold fortnightly conference calls between partners to share information on any “Brexit Affect” they have picked up from businesses, employers, other organisations. A summary of this information is sent to BEIS immediately, together with weekly bulletins from the Growth Hub which record detailed conversations with businesses they are supporting.
- 3.5. **An on line “Brexit Toolkit”** as an authoritative source of information and guidance for business and employers. This has been set up on our Growth Hub website, after the LEP Network highlighted a similar resource developed by the North East LEP, and is a good example of LEPs sharing good practice.
- 3.6. The Toolkit provides sign posts and links to Government, Chambers, trade association and other authoritative and impartial sources of business guidance, Brexit checklists, sector advice and so on. The Brexit Toolkit can be accessed via this link <https://enterprisem3growthhub.co.uk/brexit>. Information on the early impact of the toolkit is set out below.
- 3.7. **“Brexit Clinics”**, a series of local events where businesses can engage with professionals in areas of relevant expertise, for example, HR/EU citizenships; trading with EU and transporting goods , customs/tax/HMRC; changes to regulations and standards for operating outside the EU.
- 3.8. We intend to make these events as accessible as possible for businesses, and, working with our district authority partners, intend to hold 1 per local authority area. The events are being organised by the Enterprise M3 Growth Hub working with partners, and their shape and content will be flexible as we learn, events move on, and as suits the local demand. The first event will take place in Guildford on February 8th. The second is planned for Andover.

4. FUNDING & RESOURCES

- 4.1. It is testimony to the strength of the partnership behind this project that every partner is making a financial or in-kind contribution to ensure its success.
- 4.2. Enterprise M3, Hants & Surrey Chambers, Hants & Surrey county councils, Hants & Surrey FSB are sharing the financial cost, expected to be in the region of £20k.

- 4.3. The Growth Hub, district authorities and Business South are contributing in kind, including creating and maintaining the on-line Toolkit, venues and/or catering for the clinics and marketing/communications.

5. EARLY IMPACT OF THIS PROGRAMME OF SUPPORT

- 5.1. We can already point to some important positive outcomes of our “Brexit readiness” work.
- 5.2. The online “Brexit Toolkit” is attracting hundreds of businesses to the Growth Hub site with already 415 hits – making it busier than the home page.
- 5.3. Surrey Chambers of Commerce reports picking up four new business clients via the Toolkit.
- 5.4. Dissemination and potential reach to businesses has been very good. The Toolkit has been promoted by partners on their own websites, newsletters and in social media. A media release led to an interview for prime time morning news bulletins on independent local radio Heart South, covering Surrey and Hampshire.
- 5.5. By convening business support partners around this shared goal, Enterprise M3 has undoubtedly confirmed and validated its reputation for collaborative work combined with consultative leadership.
- 5.6. The regular business intelligence Brexit bulletins provided by the Enterprise M3 Growth Hub, in particular, but partners as well, have shone a bright light on the strength of our on-the-ground business connections. This has been noted in Government where realisation of the value of LEPs’ closeness to local businesses has been strongly felt.
- 5.7. Messages from LEPs’ business intelligence have been passed to the highest levels of central government, and Senior BEIS officials report Secretary of State, Greg Clark, expects LEPs to continue to be central to the Government’s response to Brexit and its aftermath.

6. ASSESSING IMPACT OF BREXIT ON THE ENTERPRISE M3 AREA ECONOMY

- 6.1. The Enterprise M3 convened Brexit Group has been considering signs of the impact of Brexit on the area’s economy. There are many important caveats to this and our focus is on sober assessment of reasonable possibilities rather than predictions/forecasts. Several key areas of consideration are set out below:
- 6.2. The group have raised the issue of whether larger companies with HQs in the Enterprise M3 area might be considering relocation if the UK is no longer part of the EU single market. The group is also interested in generally enhancing our engagement with these companies.
- 6.3. Enterprise M3’s Fiona McMurray has analysed the largest (ie 240 employees +) companies in our area . One third of these have HQs here. Surrey County Council has carried out a similar exercise. A sub group is taking forward action to establish contact with these firms. We will work with partners include county and district colleagues.
- 6.4. Surrey Chambers reports significant concern over a shortage of sufficiently trained people, required to help businesses with new customs declarations, in the event of an end to frictionless trade. The cost to the Chambers of this training is estimated at £6-10K. Were this passed on to businesses it would add to the current £40 charge of a customs declaration.
- 6.5. DIT report that UK wide levels of inward investment in the UK are 30 – 40 % below last years’. The factors behind this have not been established.

- 6.6. Hampshire county council are accelerating their Brexit planning programme. A number of events are planned before the end March to assess impact and shape their response.
- 6.7. Hampshire's resilience group has been considering the possible need for lorry parks should Portsmouth Port be used as a "spill over" for Dover.

7. CONCLUSION

- 7.1. The Enterprise M3 LEP is neutral on the issue of whether the UK should remain or leave the EU. We are, however, far from neutral when it comes to our commitment to business support.
- 7.2. We will continue to invest time and resources and work with local partners, central Government, business and employers to ensure our economy and the people who live and work in it are as prepared as possible for the UK leaving the EU.
- 7.3. It would be appreciated if the Board would consider the following ways of supporting this work:
- 7.4. Board members are asked to use their business networks to help communicate the Brexit Toolkit and the clinics, as they are arranged.
- 7.5. Members are encouraged to share any case studies/information on how businesses/employers are being affected/reacting to Brexit, positive and negative, with the Director or Sue Littlemore, Head of Partnerships. We are giving regular business intelligence updates to Government.
- 7.6. Board members are invited to open and chair the expert panel at any of the 14 Brexit Clinics planned across our area. We will circulate details of future events.
- 7.7. The Board is asked to note the excellent contribution of the Growth Hub, in particular, in delivery of our Brexit business support package.

**Sue Littlemore
Head of Partnerships and Higher Education
23 January 2019**