

Enterprise M3 Board

30 July 2020

Enterprise M3 Chief Executive's Report – Item 13

1. LEP News

- 1.1. LEP Chairs and CEs from across the Southern LEPs (EM3, Coast to Capital, Herts, South East, Solent and Thames Valley Berks LEPs), are working together under the name **Catalyst South**. **Catalyst South aims** to set out the clear strategic position of the South in relation to economic recovery to government and wider partners, highlight the needs of business and seek investment for the area.
- 1.2. A **Ministerial Roundtable** meeting was held on 14 July with the business representatives from each LEP area and the Small Business Minister, Paul Scully. The meeting was an opportunity for businesses to share the challenges they face and raise what they need from Government, and to hear directly from Government how they are going to incentivise innovation, support start-ups and prioritise the green agenda. The session went extremely well, with an excellent selection of business representatives from Catalyst South in attendance. The session enabled Catalyst South to showcase the innovative businesses in the six LEP areas and highlight the energy, creativity and determination to bounce back.
- 1.3. A report by the Independent Industrial Strategy Council concluded that *“there is a clear need for a commitment to longer term funding to support LEPs in building policy making capacity”*. Additionally, **“Key point in the report:** *“while LISs were constructed through the lens of growth, they still provide the best available economic evidence base for functioning economic areas in every region in England. They should be the starting point for economic recovery plans, which provide places with a plan to get regional economies back on their feet.”* <https://www.lepnetwork.net/news-and-events/2020/july/independent-report-concludes-longer-term-funding-needed-to-support-leps/>

2. Local Industrial Strategy /Economic Recovery & Renewal Action Plan

- 2.1. Economic analysis continues to be gathered to understand the economic impact of Covid-19 and how it feeds into the development of the **Economic Recovery and Renewal Action Plan**. The analysis of the data highlighted a number of threats and opportunities which have been shared with partners to help them with their own understanding. The **Action Plan** is being developed and an item setting out current progress in on the agenda.
- 2.2. A Board strategic workshop will be arranged for September to discuss economic recovery and renewal in more detail.

3. Business Readiness/Cluster Activity

- 3.1. Neighbouring LEPs and their Growth Hubs, known as the South Central Cluster, are working together across the region to share best practice and intelligence and to delivery effective responses at scale. Two additional funding streams are being provided to the LEP in direct response to Covid 19. The ERDF funding of £400k is described in the **European Funds** section. The second funding stream is for Peer to Peer Networking for SME business owners which the LEP will work with the Growth Hub and partners to deliver 18 hours of action learning support and one to one support to 10 cohorts. Funding has yet to be confirmed but likely to be £15k per cohort, and due to commence in October. The cluster are currently surveying 4000 businesses across the region to identify the impact of Covid 19 on their business (buildings, people, skills, operations) and this will help to inform the Economic Recovery and Renewal Action Plans of each LEP.

4. Space Sector

- 4.1. Over the past few months, EM3 LEP has been receiving several targeted Space enquiries from the Department for International Trade. The companies are looking to invest in EM3 region by the end of this financial year. We have been responding with bespoke propositions.

- 4.2. EM3 played a key role with Lithuanian nanosatellite manufacturer NanoAvionics to land them successfully at Belvedere House at Basing View. The company will start being operational by the end of July 2020.
- 4.3. Guildford-based space company isardSAT has been selected by UK Space Agency to take part in ESA's Copernicus Mission.
- 4.4. EM3 has been engaging with the Science and Technology Facilities Council over the enhancement of the activity of Chilbolton's Observatory. We have also been investigating the possibility of hosting an ESA Business Incubation Centre within our region.
- 4.5. EM3 space sector has continued proving its resilience. Space organisations across the region are continuing performing well and are recruiting.

5. Games & Immersive Tech

- 5.1. The Enterprise M3 High Potential Opportunity 'Immersive Visualisation and Gamification' was launched via presentation in two webinars on 9 July. 55 DIT posts from embassies around the world dialled into the sessions which DIT regarded as 'really good engagement' for their HPO programme, underscoring the specific appeal of our regional offer.
- 5.2. Immediately following the launch of our HPO, our Games and Immersive Sector Specialist was contacted by the Commercial Attache & Vice Consul for the Digital Economy, Creative Industries and Sports in Miami and Atlanta, Mauritz Plenby. EM3 are now working together with Mauritz to think strategically about how three US based immersive technology companies can better collaborate with EM3's industrial sectors. Mauritz was grateful for timely information about Farnborough International Airshow and hopes that his contacts at Augmented Reality unicorn Magic Leap will be in attendance.
- 5.3. EM3 are keen to ensure that the potential of our HPO is maximised and as such, similar conversations to that with Mauritz will be sought with all DIT posts who attended the webinars. In August EM3 will be working with DIT sector specialists to develop a list of 5 target markets likely to invest in the message of our HPO and a target list of 100 companies will be produced as direct leads for our inward investment pipeline.

6. Trade and Investment

Annual Breakdown:

- 6.1. DiT have published our results for 2019-2020, the EM3 region attracted 35 successful FDI projects, generating 804 jobs. This was a decrease in number of projects from the previous years (43) but there were 4 additional jobs on the previous year. Out of these, 23% were classified as expansion projects, 31% were acquisitions, and 46% were new investments. Key sectors: software and computer services; aerospace; advanced engineering & supply chain.

Monthly Breakdown:

- 6.2. In June 2020, the EM3 has registered 43 FDI projects – compared to May 2020, with 48 FDI projects (down by 5). Out of the current active projects, only 30 are in the pipeline with a potential to land by the end of this financial year.

The US is our biggest investor, with 14 active FDI projects. It is then followed by France (5), Australia (3), Spain, Baltics & Nordics, and Japan (2).

Key sectors: Space (5 FDI), Technology (5), Healthcare & Medics (5), Aerospace (4), and Automotive (4). Type of FDI: 25 FDI projects imply the creation of new sites/activity; 17 involve expansion of existing sites/activity. Only one is classified as an acquisition.

7. Clean Growth

- 7.1. On 28 July we will be hosting our first **Clean Growth Forum**, bringing together a range of organisations and businesses with different expertise to support our Clean Growth ambitions. James Cretney will chair the event with Sarah-Jane Chimbwandira also attending. James will give an update at the board meeting.
- 7.2. We have also strengthened the low carbon guidance in our documents for project proposals requesting clear explanations, both qualitatively and quantitatively, on how projects are addressing low carbon issues, reducing emissions and resource efficiency.

- 7.3. In addition, we are looking at our own working practices and have recently surveyed staff to get a baseline of staff commuting prior to the lockdown. Post COVID, and once we start to return to the office, we are looking at changing our working policies to work in a greener way, including reducing commuting. Working closely with the Office Manager we are also reviewing and updating sustainability practices within the office.

8. Communications

- 8.1. EM3 LEP has responded to a general request from the Cabinet Office to feedback on how the Covid19 pandemic has impacted on communications practices. Our response highlights work on the economic impact to keep Board and stakeholders updated; daily business-focused bulletins; new use of technology (Teams and Zoom) and enhancing internal communications with weekly team meetings and regular health and well-being guidance.
- 8.2. A staff survey showed that staff would prefer to work in the office less in future and wanted to ensure some of the positive practices adopted during the 'lockdown' continued such as weekly 30 minute full team meeting, which made the team feel much more included. Other positive responses included the flexibility in working hours, the increased productivity as not travelling to meetings or commuting and the environmental benefits.
- 8.3. To date 58 detailed daily bulletins have been issued containing the latest government guidance and links to webinars and other business support which were being circulated to more than two thousand business partners and stakeholders. Social media was being widely used to disseminate BEIS updates and details on the government support schemes.
- 8.4. We have been in contact with the offices of all MPs in the EM3 area to arrange meetings. To date meetings have taken place with Caroline Nokes, MP for Romsey and Southampton North, Steve Brine, MP for Winchester and Michael Gove, MP for Surrey Heath.

9. Annual General Meeting/Annual Report

- 9.1. Our usual half-day AGM at a large conference venue was replaced this year with a webinar via Zoom. More than 230 delegates attended, and most stayed for the full 90-minute session, half of which was given over to attendees to ask questions of a panel, consisting of board members with particular expertise in different fields. This was an enhanced opportunity for our Board to communicate with stakeholders, partly facilitated by ease of registering questions on Zoom. All questions asked but not answered by the Panel on the day were responded to and circulated to all attendees after the event.
- 9.2. Two polls were taken gauging attendees confidence in the region's economic recovery, we were pleased to see confidence had increased following the AGM. We also found through a survey after the AGM that attendees broadly found the format helpful and suggested we consider an AGM combining digital and in person segments in future.
- 9.3. Our 2019/20 annual report was produced digitally this year. This allowed for the addition of videos from our Chair and CEO as well as case studies from our gaming sector and EU funding team. This is available in the **reports section on the EM3 website** and is being sent digitally to key stakeholders and team contacts.

10. Enterprise Zones

Basing View:

- 10.1. The Village hotel at Plot W has now reopened for guests. The demolition of Norden House at Plot J is underway. Additional spend to improve the highway in this area in terms of the underpass for cyclists and pedestrians has been agreed. Work at Plot K – the Eli Lilly site continues. Covid-19 impact has further delayed the contractors, Morgan Sindall, and the new headquarters are now expected to be completed in December 2020. Eli Lilly then expects to move staff into the building in 2021.

Longcross:

- 10.2. Aviva Crest Nicholson have indicated that the works on the Discovery Building are back underway after the site was closed to workers and contractors for a number of weeks due to Covid-19. The delays mean that the new building is now expected to be completed in November 2020. A Deed of Variation for the original grant agreement is being prepared to take account of this.
- 10.3. A masterplan is being prepared by Crest Nicholson for consideration by Runnymede Borough Council and a phased development could see a revised scheme completed by 2025.

Tech Forest:

10.4. Homes England are preparing to market the Tech Forest site on the open market from September 2020. The LEP has prepared some additional information which we hope will be included as part of the marketing pack. This seeks to highlight the opportunity and benefits of the Enterprise Zone and potential of growing the space and satellite cluster in this locality.

11. Skills and Careers and Enterprise Company

- 11.1. The Enterprise Co-ordinators have worked with Careers Leaders and successfully continued the network meetings via online tools, enabling them to share information and best practice, and be part of a careers community during this challenging time. The CEC programme has continued to support the sharing of careers information, and online virtual resources and activities to young people who have engaged with their schools during this period.
- 11.2. It is expected that some high level business volunteers, otherwise known as Enterprise Advisers (EA), may be lost due to changes in employment or business. However, the outlook is very positive with at least 4 new EA candidates coming through as leads from CIPD during the pandemic. The CEC Team held three virtual Enterprise Adviser Network meetings which were very well received and the discussion was positive and motivating to support the EA Network which will have an impact on the future outcomes of the young people in the EM3 region.
- 11.3. We are currently looking at innovative ways of sharing careers and industry information and how businesses that still want to engage with education can be supported. This work will benefit skills across the whole of the EM3 region through sharing careers, labour market and sector specific information
- 11.4. The EM3 Jobs Fuse service was launched to help employers and individuals impacted by the coronavirus match opportunities. Monthly reports will outline how many employers and individuals have accessed the service in our LEP area.
- 11.5. The first virtual **Skills Advisory Panel (SAP)** meeting took place where the framework and priorities for the **Skills Strategy** were agreed. This Strategy forms a key part of the **Economic Recovery and Renewal Action Plan**.
- 11.6. On 21 July, Barney Ely the SAP Chair led a discussion with fellow SAP Chairs and skills leads from the other five Catalyst South LEPs cluster. The aim of this discussion is to identify three common challenges that enable us to collectively influence the national skills agenda to support economic recovery in the SE region. Notes and actions will be recorded from this meeting and followed up. Barney will give an update at the board meeting.
- 11.7. Representatives from our FE colleges contributed to some ongoing research to capture impacts from COVID-19 on the delivery of teaching and learning, curriculum planning and student recruitment. This research has highlighted a significant collaborative working relationship between the LEP and FE.
- 11.8. Careers and Employability professionals from our universities have embraced a new Microsoft Teams collaborative space, hosted by Enterprise M3 LEP, to support graduate employability in the LEP area.

12. Transport

- 12.1. The impact of Covid-19 on transport continues to have a fundamental impact, especially around aviation and Heathrow. Heathrow Airport is facing unprecedented challenges since the outbreak of the COVID-19 virus. As the largest single site employer in the UK on our doorstep, with over 76,000 people usually employed on-site at Heathrow, and more in the wider supply chain, it is crucial for our local economy and communities that the aviation industry recovers, in a sustainable way, from the impact of this pandemic.
- 12.2. The implications, financial, social and for employment will continue to have a fundamental impact on Heathrow Airport, the sub regional economy, and the livelihoods of its communities. We are therefore pleased to have been invited to attend one of a series of round tables, chaired by Lord Blunkett, bringing together local stakeholders to develop a sub-regional plan, outlining what is needed to implement the Heathrow recovery plan, essential for the future of local communities.
- 12.3. Earlier this month we responded to the Government's consultation on Freeports. We can see potential benefits in developing a Freeport in our area. Our response emphasised that the key to the success of any Freeport will be its ability to support the creation of employment and evidence is needed that there are genuine agglomeration effects and new employment and not simply abstracted from elsewhere. A

carefully crafted Freeport, developed alongside other associated initiatives around towns and house building has the potential to hold onto companies and draw in new investment, support employment creation and help to re-establish strong growth. We see great potential in linking freeports to our existing Enterprise Zone within our area, underpinning investments in three complementary locations, Basing View, Longcross and Whitehill and Bordon. Through a set of common goals, and mutually beneficial investments this could provide a legacy which is of genuine significance to the UK's economy. The strength of developing a Freeport in our area would be where value could be added to support already strong sectors and create hotbeds for innovation.

12.4. Finally, at the previous Board meeting we provided a detailed report on the progress of the Transport for South East Transport Strategy and the proposal to Government for granting TfSE full statutory status. I'm pleased to report that at the Shadow Board Meeting earlier this month the draft Strategy and proposal were both approved and will now be submitted to Government shortly. In addition, our Board Member, Ross McNally, was reconfirmed as one of the two LEP representatives on the Shadow Board.

13. European Funds

13.1. On 16 July we hosted a webinar to provide detailed information and compliance training for our Local Authorities to enable them to apply for the ERDF Reopening of High Streets Safely funding that is currently available to each of our LAs. Each LA has been given a notional allocation of 100% ERDF of this funding. 20 delegates attended the webinar with all but one of our local authorities represented. The new project lead from CLGU supported our Q & A session to ensure this funding is fully utilised to benefit our high streets reopening with safety and confidence. The deadline for the local authorities to submit their Action Plans is 17 July but they could start delivery from 1 June at risk. We have kept all our LAs in the loop by sharing updates on the funding and a FAQ document is live at CLGU for all to view.

13.2. £10m ERDF Tourism Kickstarter funding has been announced along with £20m ERDF funding for the wider community of SMEs for a grant scheme to support SMEs with COVID-19 economic recovery which will be delivered via the Growth Hub. We are working with the South Central Cluster LEPs on a collaborative approach to find the best way to administer the funding. Our allocation has been confirmed as £150K for grants for tourism and £250K for grants for the SMEs (£1k to £5k). We have a project plan to ensure the cluster is in a position to submit the application by 12 August. We are preparing to receive a high volume of requests for these grants and are putting a plan in place to sensitively deal with unsuccessful applications.

13.3. Both of these new ERDF funds are 100% funded with no match funding required under special conditions from the European Commission to support economic recovery from COVID-19 and have been released from the ERDF Reserve Fund. However, they must be fully delivered and defrayed by March 2021.

13.4. We are in the process of creating two more case study videos to promote the Manufacturing Growth Programme and the EMphasis 3 low carbon ERDF projects that are currently open to benefit SMEs in our area.

13.5. We have started the final summative assessment for our ERDF technical assistance project which will close at the end of September. We have secured the Insight and Engagement team at HCC to conduct the process which will formally evaluate the COMERDF3 project. This will be published by the end of September.

14. Team and Board Recruitment

14.1. Following the organisational review official job titles have been changed for Rob Dunford now **Director of Business Delivery**, Rachel Barker now **Director of Operations**, Aleks Bennett now **Finance and HR Manager**, Sue Littlemore now **Head of Policy and Strategy, Strategic Communications and Political Engagement** and Kevin Travers now **Head of Infrastructure, Transport and Place**, there has been no change to their current roles.

14.2. Work is continuing on the recruitment of Non-Executive Directors from the private sector to join the Board. The **recruitment microsite** has now gone live and Jordan Tame will be working with Green Park on the recruitment process, the closing date is the 21 August.

Kathy Slack - Enterprise M3 Chief Executive
July 2020