

## Enterprise M3 Board

24 September 2020

### Enterprise M3 Chief Executive's Report – Item 12

#### 1. LEP News

- 1.1. The Chairs and Chief Executives of Coast to Capital, Hertfordshire, Solent, South East, Thames Valley Berkshire and Enterprise M3 LEPs continue to meet regularly to develop Catalyst South. Discussions have been held on current issues and opportunities. Catalyst South will develop an annual business plan which will include the development of a targeted stakeholder engagement plan, identify key regional themes and develop further 'Unlocking the South' to develop business cases for investment.
- 1.2. The Government's mid-year review of Enterprise M3 will take place on 23 September. This is a light touch review focussing on delivery and building on the work already done to ensure the release of the final third of LGF3. The review will also ensure there are no surprises at the Annual Performance Review and will give both parties the opportunity to raise any issues.

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

- 2.1. Sue Littlemore has compiled the Economic Recovery and Renewal Action Plan which is currently being considered by the team. The actions and interventions identified aim to support: jobs, employment & skills; digitalisation & an ultra-fast digital infrastructure; a low carbon economy and transport system; business-led innovation, diversification, entrepreneurship and high-tech sectors; town centres fit for the future; international trade and inward investment; and, partnership working. A Board workshop is being held on 28 September to discuss the Recovery and Renewal Action Plan.

#### 3. Business Readiness/Cluster Activity/Growth Hub

- 3.1. The cluster have been working closely together to prepare for the launch of the two ERDF funds. This is outlined in section 14, European funds. BEIS have provided additional funds to each LEP to run a Peer to Peer Network programme from October 2020 to March 2021. Peer Networks is a national initiative that will be delivered locally through the Local Enterprise Partnership (LEP) network. The longer-term aims of the programme are focused on reducing the UK productivity gap by helping business leaders find practical solutions to strategic and operational challenges. It also forms part of the UK Government response to the COVID-19 pandemic and the ongoing EU transition, seeking to improve the resilience of SMEs, their capability to adapt their business models to the "new normal" and position themselves for future success, driving longer-term productivity gains.
- 3.2. The cluster are gearing up to support the national programme for EU transition, which is expected to ramp up at the end of the month.
- 3.3. The cluster also developed a single response to BEIS to feed into round table discussions about the future operating model for business support.
- 3.4. The Growth Hub continues to be on track to meet KPIs for the year. Year to date (from April) 640 businesses have been supported. 93 of these have received high intensity support, helping to safeguard over 2,600 jobs with a combined turnover of over £175m.

#### 4. European Funds

- 4.1. In July, Government announced two national schemes that will be delivered in LEP areas: £10m ERDF funding to provide a kickstart SME grants programme for the Visitor Economy and £20m for the wider SME community directly affected by COVID-19. Our LEP allocation is £151,000 for the Visitor Economy and £250,000 for the wider SME community. Both grant schemes will offer 100% grants to eligible SMEs between £1,000 to £3,000 and in exceptional cases £5,000 for the wider economy. No match funding is required. We expect to make around 90 grants. Calls opened for expressions of interest at midday on 15<sup>th</sup> September via a diagnostic tool on the Growth Hub website. The website crashed due to such a high demand (over 6,000 attempts to register) and SMEs were disappointed and some voiced their concerns on social media. Working with the Growth Hub, we created a co-ordinated defensive statement and have communicated this to all our disappointed applicants who contacted us, along with

MPs, EDOs and our business support organisations, using this as a positive to demonstrate the need for further SME support.

- 4.2. We have commissioned two ERDF case study videos to showcase the benefits of the Manufacturing Growth Service and the Emphasis3 carbon reduction ERDF projects. Both videos will be published by 30<sup>th</sup> September and include interviews with both project managers and the SME beneficiaries in the EM3 area of these two ERDF projects.
- 4.3. Our ERDF technical assistance project activities will close on 30<sup>th</sup> September. We are in the process of finalising the summative assessment. This evaluation of the project is being completed by members of the Insight and Engagement Team at Hampshire County Council and will be published in early October and will offer an insight into the effectiveness of this project and value for money. Financial completion of the project will be 31<sup>st</sup> December 2020.

## **5. Funding Escalator**

- 5.1. Demand for early stage equity is strong: about to complete the 3rd EM3 equity investment in the last three months and the qualified pipeline is large.
- 5.2. There has been an increase in interest in trade finance. FSE have recently completed one EM3 short term loan and there are several opportunities in the developed pipeline.
- 5.3. There has been a reduction in enquiries for growth loans during the COVID crisis and some applications have been delayed, put on hold or withdrawn. This was caused by the Bounce Back Loans or CBILs schemes being investigated, companies taking time to review strategy and reforecasting and generally a lack of business confidence making companies more cautious to take on new debt.
- 5.4. Enquiries have however started to pick up and some opportunities have returned. FSE anticipate some near term completions and the developed pipeline is encouraging with several due to be discussed with the credit committee in the next few weeks.
- 5.5. Half of all debt portfolio clients had requested a capital repayment holiday. These are now coming to an end and so far are not being extended. At present there are no specific failures as a result of Covid-19 however the current outlook is extremely uncertain. Close monitoring and support of all portfolio clients is critical.

## **6. Space Sector**

- 6.1. Enterprise M3 LEP has been approached by UK Space Agency, the Satellite Applications Catapult, the South Coastal Centre of Excellence, and Oxford Innovation to pursue UK Space Agency's Space Cluster Development Project Call. The project aims to develop the maturity of an early stage local space cluster, in line with government's ambitions to grow the space sector nationally by 10% by 2030. The initiative will not only enable the EM3 region to raise its space profile nationally and beyond, but it will also contribute to building up the region's investment offer. Proposals will have a maximum grant value of £80k; all funded activity will have to be delivered before March 15<sup>th</sup>, 2021.
- 6.2. Enterprise M3 has been exploring with the Science Technology Facility Council ways through which activity at Chilbolton Observatory could be enhanced. Furthermore, the LEP has been liaising with the European Space Agency over potential cluster development opportunities, such as the establishment of an ESA Business Incubation Centre.
- 6.3. Enterprise M3 has been working with EM3 Growth Hub, the Knowledge Transfer Network, and Immerse UK towards the organisation of a Geospatial/Immersive Tech cross-sector event. The latter will take place on 3rd November 2020 and will explore how satellite-enabled technologies can be combined with immersive technology solutions.

## **7. Games & Immersive Tech**

- 7.1. Enterprise M3's Sector Specialist for Games & Immersive Tech was invited for a brief interview on BBC Radio Surrey on 8<sup>th</sup> September, to comment on a recent report by Adzuna that found Guildford's digital and tech sectors were at the top of the country in terms of open job opportunities. In the interview, credit was given to Guildford's games industry as a driving force behind these figures and information was shared about its history.
- 7.2. Enterprise M3 are assuming a key role in the delivery of a digital version of Guildford Games Festival (GGF) in 2020. The festival will be held on 13<sup>th</sup> and 14<sup>th</sup> November. In the same week, a microsite will be launched for information about GGF at [www.guildford.games/festival](http://www.guildford.games/festival). The core component of the festival will be the broadcasting of pre-recorded, professionally produced and edited video content.

Streamed on Amazon's 'Twitch' and via the new 'Guildford Steam Page'. In parallel, live sessions including business support elements will take place privately for an industry audience and careers advice sessions for a public audience.

- 7.3. Enterprise M3 are also playing a significant role in the organisation and delivery of the Guildford Steam Page. Steam is a storefront for the digital delivery of videogames with a peak concurrent user count in excess of 20M people. In a first for the UK, a dedicated store page for Enterprise M3's games cluster has been organised through partnership with platform owner Valve. More than 21 local game developers have signed up for a presence on the store including studios as large as Electronic Arts, placing them alongside our SME and Microbusiness developers. Should the festival be featured on the front page of Steam as hoped, GGF and the Steam page will receive >100M impressions and likely generate >£100k in new revenue for featured games companies.

## **8. Trade and Investment**

- 8.1. The LEP submitted two HPO applications to DIT for Satellite Applications for Clean Growth and Animal Health. EM3 was successful with the Animal Health application and received excellent feedback. Work is expected to start in December 2020, drawing on the experience gained from the Games and Immersive Tech HPO. Unfortunately, the Satellite submission was not successful although the feedback was positive and DIT will continue working with EM3 on this sector and support the development of the satellite proposition for the region. EM3 was one of only a handful of LEPs that have secured 2 HPOs and this work will form a key feature as we push ahead with further work around trade and investment working with business, local authorities, universities, FE colleges and other organisations.
- 8.2. The Games & Immersive Tech HPO will benefit from further promotion on Tuesday 22<sup>nd</sup> September. EM3 have been invited to present the document to a new audience of trade and investment specialists through their 'Delivering Sector Knowledge' event. The presentation will differ from the previous launch, it will put the HPO in positive covid-19 context and share progress on the building upon of the HPO including a 'first look' at the new Guildford.Games website and details of the Guildford Games Festival, which all participating will be invited to attend.
- 8.3. In the month of August 2020, the Enterprise M3 Region attracted 4 successful investments. These include Gulfstream, Change Innovators, Blue Ocean Monitoring and Cellnex Telecom.

## **9. Clean Growth**

- 9.1. The Clean Growth Pilot Programme was launched and received a range of interesting applications. Following PMG last week, we are progressing six projects which cover heat decarbonisation innovation, smart heating and low carbon heating and renewable energy generation.
- 9.2. We are working closely with colleagues at the Greater South East Energy Hub to communicate the significant Government funding that will become available on home and building decarbonisation. Not only is this a potential funding source for many of our partners to deliver carbon savings, from a LEP perspective we are working to ensure that the supply chain know how they can become accredited installers for this funding.
- 9.3. These initiatives will also have a wider effect on the jobs and skills required to make the wider transition. We are exploring a possible opportunity with the Energy Systems Catapult and our neighbouring LEPs on a Home Decarbonisation Academy initiative.

## **10. Communications**

- 10.1. We have led the communications for EM3, Thames Valley Berkshire and Coast to Capital LEPs and Growth Hubs for the ERDF Kickstart Tourism, Restart and Recovery SME grants scheme that will both open for expressions of interest at midday on 15<sup>th</sup> September. We have co-ordinated our launch time and date with Solent LEP for consistency. We are delivery partners in this project which is funding £8,000 of staff time to provide marketing and communications over the term of the project for our communications manager.
- 10.2. We have added two dedicated pages for the CEC on our website which will, in part, be used to recruit additional volunteer Enterprise Advisors. We have also been analysing the visitor traffic to our website in the year since it launched to ascertain what improvements can be made. We hope to have a plan of action in place by the end of October.

10.3. Following the successful Catalyst South skills conference, the LEP Network published a [Leader Views article](#), written by the EM3 Skills Advisory Panel (SAP) Chair, Barney Ely. The article provided a useful summary on the discussion at the skills conference and highlighted the benefits of collaborative working.

## 11. Enterprise Zones

### Basing View:

11.1. Norden House at Plot J has now been demolished. This clears the way for a new development to be brought forward. The Council has a planning application awaiting determination for the Neon scheme. An important building, Grosvenor House on Plot P of Basing View, is being marketed for sale as part of the liquidation of assets of the former owner. Basingstoke and Deane Borough Council are considering options to enable demolition and redevelopment of the site and may include seeking support from the LEP as part of this package.

### Longcross:

11.2. The site owners, Aviva Crest Nicholson, are seeking the sale of the EZ site and other buildings to a film studio developer. This will bring about a major change in the original planned development of the site. They have prepared a revised site plan that details the new accommodation schedule and estimates of BRIG that may be achieved. Overall, this will mean less floorspace and significantly less income growth than had been envisaged from the original grade A office scheme. However, the scheme and the resulting income growth, should be bought forward significantly quicker than an office scheme, which would have questionable deliverability in the current economic climate.

### Tech Forest:

11.3. Homes England are preparing to market the Tech Forest site on the open market from Autumn 2020. The LEP and its partners EHDC and Oxford Innovation have prepared supporting material which seeks to highlight the opportunity and benefits of the Enterprise Zone and potential to incorporate move on and incubator space from Base Bordon as part of the development with the aim that this can be incorporated into the marketing process. This seeks to highlight the opportunity and benefits of the Enterprise Zone and potential of growing the space and satellite cluster in this locality. We are awaiting confirmation of the way forward by Homes England.

11.4. The Enterprise Zone Programme Steering Group is meeting on 8<sup>th</sup> October 2020, the first time since the start of the year. This will bring the new strategic partners together to take forward the Enterprise Zone agenda as part of its revised terms of reference.

## 12. Skills

12.1. Enterprise M3 is working with Buckinghamshire LEP, Spelthorne Borough Council, Shepperton Studios and DWP colleagues to put forward funding applications for an innovative reskilling project aimed at transferring aviation skills to the film and television sector.

12.2. EM3 are supporting the Government recently announced Kickstart Scheme by championing the scheme to businesses and directing business to both Chambers who are acting as an intermediary for the scheme for those employers with less than 30 placements. The Kickstart Scheme is designed to create hundreds of thousands of 6-month work placements aimed at those aged 16 to 24 who are on Universal Credit and are deemed to be at risk of long-term unemployment.

12.3. A trial access period has commenced with the Emsi Analyst labour market information tool to help the SAP work towards sustainable analytical capability.

12.4. The National Careers Service reported on take up of the [EM3 Jobs Fuse service](#), indicating particular demand from Basingstoke & Deane, East Hampshire, younger (18-29) and older (50+) residents.

12.5. A role has been securing on both the ESFA Intermediary Ambassador Network and SE Apprenticeship Ambassador Network as Enterprise M3 strive to raise the profile and increase take up of apprenticeships in the LEP area.

12.6. A short series of 'opinion' blogs was commenced, focusing on how employers can capitalise on high skilled talent from our LEP area.

## 13. Careers and Enterprise Company

13.1. With the commencement of the new academic year, the Enterprise Coordinator team are prepared to engage with the increased number of education institutes which will now include SEND and Alternative

provision. The team have had in-depth training in the Gatsby Benchmarks, with an understanding of the affect of Covid-19 on their delivery and achievement.

- 13.2. To support our continued focus on Gatsby Benchmark 5 (Encounters with Employers and Employees) and Gatsby Benchmark 6 (Experience of workplace) a new business development role will be working with the Senior Enterprise Coordinator to engage employers and employees within the EM3 region for Enterprise Advisers, Education programmes, and business volunteering. This will ensure quality engagement with business and provide the opportunity to spotlight key sectors to young people and the opportunities available within our economic region.

#### **14. Transport**

- 14.1. As highlight in the July report the impact of Covid-19 on transport continues to have a fundamental impact, especially around aviation and Heathrow, which continues to face unprecedented challenges.
- 14.2. Enterprise M3 attended a series of Roundtable events set up by Heathrow chaired by Lord Blunkett to agree what needs to be done to support aviation and Heathrow going forward. The three LEPs of Buckinghamshire, Thames Valley, Thames Valley Berkshire and ourselves, met recently to agree a joint approach on Heathrow. We are also writing to Heathrow directly on behalf of the group of LEPs setting out areas where we believe we can all work together, covering a wide range of activities and demonstrate how, for example, we can support procurement objectives through working with Growth hubs, matching of people to jobs through on line services, support for apprenticeships and developing links to innovation and clean growth.
- 14.3. We will build on existing partnerships such as the Heathrow Strategic Planning Group (HSPG) and Heathrow Area Transport Forum (HATF). Together as LEPs we will also be looking at how we can continue to highlight the importance of Western and Southern Rail access and looking at how we engage local MPs in lobbying the Department for Transport and Treasury to support these essential schemes.
- 14.4. Recently we have also been working with strategic infrastructure providers, Highways England and Network Rail looking at future needs of the transport networks. Whilst our work on Recovery and Renewal is going to maintain a strong focus on smart technology and sustainable transport measures there is going to nevertheless remain instances where investment in major infrastructure is needed to support economic growth and recovery.
- 14.5. With Highways England discussions have been around the redesign of the major capacity and safety enhancements planned at Junction 9 on M3 near Winchester. Following public consultations last year, the scheme is being amended to address specific safety concerns whilst also ensuring that the route between the south coast ports and the Midlands has sufficient capacity to support both the local and national economy.
- 14.6. We have also met with representatives of Highways England's Air Quality Designated Fund who are keen for to develop a proposal along the A3 at Guildford as to how they can use travel demand management measures to seek to influence travel behavior change and thereby contribute to improving air quality in and around Guildford and help to address the significant congestion problems that inhibit the local economy.
- 14.7. We have also recently met with Network Rail to specific discuss studies which are looking to the future as to how we improve the train service available to passengers across the network. This is part of Network Rail's, Continuous Modular Strategic Planning CMSP process which allows focus on smaller geographical areas and address specific strategic questions through closer engagement with stakeholders.
- 14.8. We will be specially inputting into the South West Mainline CMSP, where we have already identified a range of strategic priorities that remain critical to the success of our economy, including the Woking Flyover and Victoria Arch schemes. Heathrow Southern Rail Access, a package of capacity enhancements around Guildford as well as other industry wide projects such as Digital Rail and Crossrail 2. These are all key priorities for the LEP and hence this is an exercise that we will wish to be closely involved in.

#### **15. Devolution Update**

We are still awaiting the publication of the Devolution and Recovery White Paper which we believe will be published in October. This paper should set out the expectations of recovery and renewal plans and the role of the LEP in producing these.

## **16. Delivery Plan**

16.1. The delivery plan has now been signed off by the Chief Executive under delegated authority from the Board. Government extended the deadline once more to December 2020, however it was decided that we would publish the [EM3 Delivery Plan](#) as per the originally extended deadline of August. The document will be a useful tool to enable us to closely monitor progress of all of the LEP and Growth Hub activities, as well as the rigorous monitoring already underway for the capital programmes. Going forward it will enable the team and the board to see the breadth of activity and help to highlight interdependencies and risks. It will also help with prioritising new work. This month's dashboard is added as an appendix to this report.

## **17. Team and Board Recruitment**

17.1. The recruitment for a non-executive Director is well underway with a strong group of candidates coming forward. The recruitment process will identify a pipeline of potential Directors to replace those that are due to finish their terms on the Board over the next 12-18 months.

17.2. Staff recruitment is underway to fill some vacant positions including Senior Programme Manager and the Director of Operations, Rachel Barker's role. Rachel has been appointed as the Assistant Chief Executive at Rushmoor Borough Council and will be leaving Enterprise M3 on 15 October.

Kathy Slack - Enterprise M3 Chief Executive  
September 2020

# DASHBOARD – 15 SEPTEMBER 2020

Sub-programme	Commentary of progress against milestone plan
<b>LGF and STC fund</b>	<ul style="list-style-type: none"> <li>Progress to date is broadly as would be expected at this point in the year</li> <li>Approved projects still subject to contract (£11m)</li> <li>Total unallocated funding available to support new projects (£1.7m)</li> </ul>
<b>GBF</b>	<ul style="list-style-type: none"> <li>All 5 projects progressing well, business cases all completed, with 3 decisions expected this month and skills project next month</li> </ul>
<b>EZ</b>	<ul style="list-style-type: none"> <li>Delivery of projects underway again after Covid-19 lockdown delays</li> </ul>

Sub-programme	Commentary of progress against milestone plan
<b>Growth Hub</b>	<ul style="list-style-type: none"> <li>Launched webinar series – the 1<sup>st</sup> two covered going back to work and foundations needed for recovery strategy and plan</li> <li>Dealt with 400 enquiries so far for the ERDF funds</li> </ul>
<b>Additional Business support progs</b>	<ul style="list-style-type: none"> <li>ERDF funds to launch 15<sup>th</sup> Sep and expecting demand to be high</li> <li>P2P programme ITT launched. Marketing plan being developed</li> <li>EU transition funding expected at end of month – delivery approach similar to 2019/20</li> </ul>
<b>Sector programmes</b>	<ul style="list-style-type: none"> <li>Contacted by UK Space Agency, Satellite Applications Catapult, South Coastal Centre of Excellence, and Oxford Innovation to undertake UK Space Agency Space Cluster Development Project. This will start in October</li> </ul>
<b>CEC</b>	<ul style="list-style-type: none"> <li>Business development role recruited to support business engagement with programme</li> </ul>

Strategy	Commentary of progress against milestone plan
<ul style="list-style-type: none"> <li>Local Industrial Strategy</li> <li>Recovery &amp; Renewal Action Plan</li> <li>Skills Strategy</li> <li>Smart mobility strategy</li> <li>Future of the Growth Hub</li> </ul>	<ul style="list-style-type: none"> <li>Awaiting guidance from Government on LIS template (will pick up at MYR)</li> <li><b>Recovery &amp; Renewal Plan</b> currently being developed with senior members of team with view to being discussed at board w/shop This will be followed up with stakeholder engagement in October in preparation for gov't Devolution and Recovery white paper</li> <li><b>Skills strategy</b> being developed and due to launch in November 2020</li> <li>Future of the <b>Growth Hub</b> decision at the board 24th Sep</li> </ul>

BAU	Key events in last period (Aug – 15/9)	Planned events for next period (15/9 – 20/10)
<b>Comms</b>	<ul style="list-style-type: none"> <li>Major work carried out on the ERDF programmes</li> </ul>	<ul style="list-style-type: none"> <li>Launch of the ERDF Kickstart</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>NED recruitment commenced</li> <li>Internal recruitment commenced</li> <li>New CEC contract started (1/9)</li> </ul>	<ul style="list-style-type: none"> <li>Covid fund 'bids' to the sub board for approval</li> <li>JLB Scrutiny session</li> <li>Board Strategic Workshop</li> </ul>
<b>Strategic Rel'ps</b>	<ul style="list-style-type: none"> <li>Series of Roundtable events set up by Heathrow</li> <li>Agreed a 3-LEP joint approach for Heathrow</li> </ul>	<ul style="list-style-type: none"> <li>Write to Heathrow directly on behalf of the group of LEPs setting out areas where we believe we can all work together</li> </ul>

Key meetings and events
<ul style="list-style-type: none"> <li><b>Executive TAG</b> - 10<sup>th</sup> September</li> <li><b>MYR</b> – 23<sup>rd</sup> September</li> <li><b>SAP</b> – September (to agree 1<sup>st</sup> draft of skills strategy)</li> <li><b>Board</b> – 24<sup>th</sup> September</li> <li><b>Board workshops</b> – 29<sup>th</sup> September &amp; 12<sup>th</sup> October</li> <li><b>Enterprise Zone Programme Steering Group</b> meeting October 2020.</li> <li><b>CSR</b> - Autumn</li> </ul>

RISK headlines
<ul style="list-style-type: none"> <li>GBF offer letter not yet received therefore not able to contract the projects leading to additional risk in delivery by Jan 21</li> <li>Gigabit EM3 requires significant decisions and development in order to deliver in the 1-year window</li> <li>need to assess ongoing impact of Covid on future development plans and interest from new occupiers at each of the three sites</li> </ul>

<b>Finance update</b>	<i>Verbal update to be provided at the Management Team Mtg</i>
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