

**Enterprise M3 Board Meeting**  
**6 October 2022**  
**Managing Directors' Report – Item 5**

**1. LEP News**

- 1.1. A new staff structure for a LEP that is both sustainable and focused on business delivery, has been announced to the team. This follows a significant period of development work by members of the senior management team and an inclusive consultation. A comprehensive and open recruitment campaign is now under way. All staff at risk of compulsory redundancy can compete for any new/vacant role. Details on the new structure will be presented under item 7 of the Board meeting.
- 1.2. EM3 marked the passing of Her Majesty Queen Elizabeth II with a message of condolence on our website. Several events, including an MD's speaking engagement and the Joint Leaders' Board, were cancelled or postponed during the period of National Mourning. The LEP closed on the day of the State funeral.
- 1.3. The LEP Network has highlighted to all LEPs that the Government had announced the Chancellor Kwasi Kwarteng will set out a 'Medium-Term Fiscal Plan' on Wednesday 23 November and announce further supply side growth measures in October and early November, including changes to the planning system, business regulations, childcare, immigration, agricultural productivity, and digital infrastructure. He has requested that the Office for Budget Responsibility (OBR) sets out a full forecast alongside this on the same day. The Chancellor also confirmed there will be a Budget in the Spring, with a further OBR forecast. The LEP Network also flagged up the Labour Party launched their Industrial Strategy in a speech by the Shadow Chancellor at the Labour Conference.
- 1.4. Chair of the LEP Network and Herts LEP, Mark Bretton, has received a letter from Dehenna Davison MP, the new Local Growth Minister in DLUHC (Dept. for Levelling Up), see Appendix 1. This confirms the vital and ongoing role for LEP functions going forward "*whether they are integrated into local democratic institutions or not*", as well as recognising the need for us to have a level of funding certainty. Following Friday's 'mini-budget' and this letter, the Network will be calling for a meeting with DLUHC Secretary of State, Simon Clarke/Dehenna Davison to discuss the content of both.

**2. Growth Hub Activity**

- 2.1. The Growth Hub is running several programmes alongside its core offer this Autumn. Our Female Business Leaders Peer Programme continues to be successful with good feedback. We are running pilots for two Digital Marketing events both of which are fully booked. We are grateful for the sponsorship from our partners DMH Stallard in Guildford and Wey Estates in Send.
- 2.2. We extend a warm welcome to Graham Thompson who has stepped into the role of Interim Growth Champion following the resignation of Ian Martin this summer. Graham has been a Growth Associate with the Growth Hub for several years and will be a huge asset in both the coaching of clients and promotion of the Hub.
- 2.3. We are delighted that Paul Scott is joining the University of Southampton Science Park on 30<sup>th</sup> November as "Growth Champion in Residence." Paul will be working alongside our colleagues every Thursday of the month with a view to moving into the new collaboration space at the Science Park in the new year. This is an excellent opportunity to support businesses in the park and within the local area.
- 2.4. EM3 lead the South-Central Cluster of Growth Hubs of Coast to Capital, Berkshire and Solent. A key aim is to maximise efficiencies and achieve economies of scale by identifying areas for collaboration. Responding to the difficult economic environment for SMEs, the Cluster is developing a series of 3 x 20-minute webinars, "Business Resilience Through Challenging Times". These will support businesses increase their resilience in three key areas – energy costs, workforce and finance.
- 2.5. The Cluster is also planning to deliver a webinar with the Trade Remedies Authority (TRA). The TRA defends UK economic interests against unfair international trade practices, such as products from overseas being dumped in the UK at low prices or unfair subsidies provided by foreign governments. The TRA are keen to raise awareness of their support with SMEs.

- 2.6. The biannual meeting between the South-Central Cluster of LEPs, Growth Hubs and senior regional banking leaders was arranged and chaired by EM3 in late September. The agenda covered the current challenging environment for businesses including inflation, rising energy costs, skills shortages, access to funding and workforce mental health impact on productivity. It also included bank support for innovation and low carbon initiatives.
- 2.7. EM3 exhibited at the Business Innovation South Expo earlier in September showcasing the Growth Hub's support for businesses in the EM3 area in the areas of innovation, growth and low carbon.
- 2.8. BEIS and Middlesex University are examining the issues around the availability and access to informal equity for high growth potential entrepreneurs and has turned to LEPs for introductions. EM3 has helped identify individuals with high growth potential who have previously approached us for Angel finance and would potentially be willing to take part in a survey.

### **3. Trade and Investment**

- 3.1. EM3 has sent a letter of support as part of a £3m funding bid from UCA (University of the Creative Arts) to refurbish existing gaming facilities and equip the UCA Games incubator business accelerator, as a hub for games education, research and incubation in Surrey. This facility aligns strongly with the LEP's work nurturing a powerful games sector in the region.

### **4. Sector Cluster Development**

#### ***Jet Zero***

- 4.1. EM3 LEP convened and chaired a highly successful roundtable meeting of more than twenty-five business and public sector partners in Farnborough in September. This marked our first steps to develop and nurture a new cluster focused on Jet Zero / sustainable aviation.
- 4.2. Developing Advanced Materials emerged as an area of regional specialism and strength - suggested by businesses in the room and backed up by the representative from the University of Southampton. It was highlighted that aviation will rely on Sustainable Aviation Fuel (SAF) and Hampshire can be globally competitive in advanced materials and technologies to accelerate SAF production and infrastructure as well as propulsion solutions for aircraft powered by electric batteries, fuel cells or hydrogen.
- 4.3. Several actions were identified at the first meeting including a press release on the Jet Zero roundtable – a call to action to encourage more companies and academic institutions to join the cluster. Clusters sell, and they attract inward investment to the region.
- 4.4. Farnborough Airport offered to host the next meeting - a workshop in December 2022 with a sharp focus on actions to explore how we can develop the region's Jet Zero cluster and how companies along the supply chain can contribute. We will invite Gulfstream, along with some of the region's primes, to engage with SMEs to work on fuel cell development and testing and promote open innovation.
- 4.5. The idea of raising funds for a Hampshire Jet Zero Challenge Fund such as the Freedom Flight Prize - an initiative led by the Basingstoke climate change solutions provider Carbon Footprint Ltd: <https://www.freedomflightprize.org/> was also suggested.

#### ***Health Tech & NHS Net Zero***

- 4.6. EM3 is working with Wessex AHSN (Academic Health and Science Network) to engage SME entrepreneurs and innovators in Hampshire to support the business opportunities presented by the NHS goal to get to Net Zero by 2040.

#### ***FSE funding***

- 4.7. Since inception of the FSE Growth Escalator funding in July 2012, EM3 have invested £12.3M into 102 local businesses. This funding has leveraged £40.76M of additional matched private capital into the EM3 area, multiplying the impact of our funds by a factor of 4.
- 4.8. Even when allowing for reductions during the pandemic, the scheme has created or safeguarded 944 jobs including 57 new jobs in the first financial quarter of this year. The most recent FSE report includes encouraging progress towards our agreed KPI's, now meeting or exceeding 9 out of the total 26. In the interest of better alignment to the new EM3 delivery plan, new funding eligibility criteria has been proposed which would favour applications from Low Carbon projects.
- 4.9. Recently the EM3 Funding Escalator provided £250k funding to the Hampshire business International Rail, a company which delivers market leading web-based B2B rail booking solutions. CEO and Founder Rod Maton said: "Without this funding our 1track platform would see a slower global roll out with developments implemented in stages. Thanks to the more far-sighted approach taken by FSE and the EM3 loan scheme, we are now in a position to expedite our growth strategy and quickly deliver the

world's leading rail booking system, enabling clients to see a full sustainability dashboard and make greener choices accordingly."

### **Space South Central**

- 4.10. Enterprise M3 took part in the first Space South Central Steering Board on 26<sup>th</sup> September. Surrey and Portsmouth University will be bidding for UK Space Agency funding in October, aiming to add dedicated business development and partnership management resources to the cluster organisation.
- 4.11. Enterprise M3 have been asked to provide a letter of support for the above funding bid that commits in-kind funding comprising of 20% FTE from one of our Sector Development Manager roles to be dedicated to the Space South Central cluster development work.
- 4.12. The University of Surrey will be submitting a separate funding bid to the UK Space Agency in October aiming to redevelop and modernise the capabilities of its Surrey Space Centre. The proposed changes will externalise the facilities making them more accessible to SME's in the space sector. Enterprise M3 is expected to provide a standard letter of support for this bid.
- 4.13. The Space South Central website is attracting around 1000 visitors per month, boosting the profile of our space cluster significantly. It claims to be the largest cluster of space businesses in the UK and this is evidenced by the Digital Catapult's Space Capabilities Catalogue. EM3 branding and presence on the website is set to be increased.
- 4.14. Enterprise M3 proposed learnings from its previous cluster development activities be adopted by Space South Central. Most significantly, the group were keen to explore how we believe it could automate its intelligence gathering around job advertisements.
- 4.15. Multiple working groups for Space South Central are planned to be formed from the advisory board. Enterprise M3 is expected to be a significant part of the FDI working group and the skills working group.

### **Guildford Games Cluster**

- 4.16. The digital Guildford Games Festival will take place on 3<sup>rd</sup> December comprising the Steam Sale which typically generates £2M in revenue for local game developers. An additional event will take place in February 2023 at G Live in Guildford. Enterprise M3 Growth Hub and Careers Hub will have a presence at this conference through their £5000 sponsorship of the event.

## **5. Skills**

- 5.1. EM3 is providing expert project management and administrative support for a Government-funded programme which will transform the provision of skills and training in our region, achieving an enhanced alignment between employers and education providers. On 5 September, the £2.6m funding was confirmed for the Strategic Development Fund (SDF) ii project. Sparsholt College is leading the delivery of the project, with EM3 providing expert support. The project involves seven other FE colleges across Hampshire and Surrey and is being carried out with the full backing of Surrey and Hampshire Chambers of Commerce, the Federation of Small Businesses, Gatwick Diamond Business and Business South. These business networks will help ensure local businesses can access high-quality, technical education and training that meets local future skills.
- 5.2. Also on 5 September, Surrey Chambers of Commerce was designated to lead the local skills improvement plan (LSIP) for the EM3 area including the whole of Surrey. Working closely with Hampshire Chamber of Commerce and other business networks, the LSIP will bring together local businesses, training providers and other stakeholders to identify the skills needed to increase opportunities and support economic growth. Support from the LEP will include the provision economy and labour market data to outline the skills strengths and challenges across the area.
- 5.3. Expert employer insights on how to retain staff in a tight labour market was the theme of an highly engaging gathering of the EM3 Skills Advisory Panel (SAP) in late September. The EM3 SAP, always popular, attracted over 20 representatives from private and public sectors, colleges, universities, and other providers to share updates on the economy and labour market and hear from three, hand-picked employers about their staff retention challenges. The Panel also heard about some funded initiatives to help support staff retention (including the Government's Help to Grow: Management scheme); some updates about the three Big Ambitions from the LEP's Skills Action Plan and the successful outcome of the SDF ii and LSIP projects.
- 5.4. EM3 Director, and Skills Advisory Board Chair, Barney Ely, has had to send apologies for this meeting and wishes to convey the following message on the EM3 SAP: "We are in a business environment where employers are desperate for advice and guidance on navigating the skills crisis, and that is precisely what the EM3 Skills Advisory Panel does. I would welcome ideas from fellow EM3 Directors on how we might amplify this excellent support even further."

## 6. Careers Hub

- 6.1. We are officially the Enterprise M3 Careers Hub as of September 1<sup>st</sup>, tasked with supporting 90 mainstream and SEND (Special Education Needs and Disability) schools, Colleges (FE and 6<sup>th</sup> form) and pupil referral units (part of behaviour management facilities). In the last couple of weeks, we have recruited two new Enterprise Coordinators and are looking for an Employer Engagement Enterprise Coordinator. The top priority is the transition to a Careers Hub model, which includes setting up a steering group, and making it easier for schools and colleges to improve how they prepare young people for their next steps.

## 7. Latest evidence on the economy and labour market

- 7.1. At the time of writing (26/9/22) the impact of the Government's fiscal statement and the subsequent drop in the value of the pound is not clear. A devalued pound is a double-edged sword for the UK & EM3 business base depending on the business model: importers are hit hard as the cost of foreign products effectively rises; exporters see the price of their products fall and gain competitiveness where one US dollar buys you more pounds sterling.
- 7.2. Rapidly rising energy costs pose an existential threat to a range of small businesses in Enterprise M3 despite the government announcement.
- 7.3. The Government 's help on energy bills comes as a significant cost to the Exchequer – much higher than the amount spent on furlough and SEISS but there are potential substantial benefits – much lower inflation, higher disposable incomes and milder downturn.
- 7.4. UK Inflation falls to 9.9% in August – forecast to peak at around 12% in October, with domestic drivers of inflation beginning to replace the global factors.
- 7.5. Pre latest fiscal statement, UK wide recession looked inevitable. The fall in the pound and subsequent predicted rise in interest rates may mean recession is still likely.
- 7.6. Relatively high disposable incomes in Enterprise M3 to 'lessen' the impact of the cost of living crisis but real wages to fall back to 2003 levels. Investment needed to offset the impact of household spending on economic growth.
- 7.7. Despite the weaker economy, the labour market in Enterprise M3 continues to be characterised by high employment rates, a high volume of unfilled vacancies, high demand for intermediate and higher skills and lower ongoing demand for low skills .
- 7.8. Lifting the moratorium on UK shale gas production could affects several sites in Surrey and Hampshire.

## 8. European Funds

- 8.1. Both ESF and ERDF Managing Authorities are redeploying underspend to performing projects seeking extension and additional funds for additional activities.
- 8.2. We ran a marketing campaign on social media throughout August to promote case studies from a selection of our portfolio of EU projects.

## 9. Enterprise Zones

### ***Basing View***

- 9.1. Basingstoke and Deane Borough Council have advised that the partnership with Muse as a development partner on Basing View is coming to an end. This will place the local authority in full control of future development activities across the site. They are also considering major changes at two of the key plots within the Enterprise Zone area.

### ***Longcross Park***

- 9.2. At a meeting of the Surrey Growth Board, the concept of a Creative Industries Hub with a focus on the Longcross site and Netflix has generated interest from Runnymede and the University of Creative Arts at Farnham. We will be following this up to identify actions we can take jointly to grow this opportunity.

### ***Whitehill and Bordon***

- 9.3. No updates for this site.

### ***Investment Zones***

- 9.4. The new Government, in its mini-budget on 22<sup>nd</sup> September, highlighted a new round of what were termed *Investment Zones* with very similar benefits EM3's Enterprise Zone sites had at its outset. The Board could consider seeking interest from partners, particularly Hampshire and Surrey County Councils and the three districts where each of the sites is located, in submitting an expression of

interest to renew or extend the Zone boundary of EZ<sup>3</sup>. The Government has named 38 authorities with whom it is has begun conversations, including Southampton City and Dorset Councils.

## **10. Communications & Stakeholder Engagement**

- 10.1. A focus of the communications work with Carswell Gould has been on producing a “Seven Wonders of EM3 area” page on the website. This follows the Board’s inspiration to highlight EM3’s “Jewels in the Crown”. There has also been support for a three-month Growth Hub advertising campaign launched through Carswell Gould to drive clients to the Growth Hub.
- 10.2. Invitations have been sent to potential Growth Hub clients to attend “The Attraction Factor Strategy Sessions”, held in partnership with the EM3 Growth Hub and Jarmila Yu, one of our Growth Hub Associates and a marketing specialist. The in-person workshops, taking place in October, will be at two locations, Send Business Centre and the Guildford offices of DMH Stallard. The Attraction Factor event has been publicised in Surrey Chambers of Commerce email newsletter.
- 10.3. The following events were attended:
  - The Basingstoke Business Expo and EM3 have been offered a free stand at the Southampton Business Expo, taking place at the Ageas Bowl in November.
  - The Green Business Week, in Andover, where Paul Scott spoke about the work of the Growth Hub.
  - The Going Green at Silchester Farm event as part of the Basingstoke Business Festival.
- 10.4. An invite is to be sent out from the Careers Hub, for an online employers information session invite for November’s Degree Apprenticeship Fair, taking place at Esher Sixth Form College.
- 10.5. A recruitment drive is underway for the vacant positions arising from the restructure via the website and on social media. Board members are encouraged to share the information with their contacts and any suitable candidates.

## **11. Infrastructure, Transport and Place**

- 11.1. Following the presentation by Transport for the South East (TfSE) to the August meeting of the Board on their draft Strategic Investment Plan, a response to the consultation has been submitted. This was based on the feedback and direction given by Board Members at the meeting.
- 11.2. Overall the LEP response was very positive, as the SIPs commitment to responsible economic growth and the urgency with which carbon emissions need to be reduced are well aligned with our priorities. In line with Board Member’s wishes the importance of securing investment was highlighted together with the need to be creative about securing funding. The consultation response also gave us an opportunity to re-emphasise our key strategic transport priorities such as the need to progress southern access to Heathrow Airport as soon as possible.
- 11.3. TfSE are now carrying out their consultation response analysis and will use this to refine the draft SIP, to ensure that it reflects the feedback received. This will then be presented to the TfSE Partnership Board, where we are represented by Daniel Ruiz, in November

## **12. Organisational Issues/Staffing Changes**

- 12.1. Both Lee Danson, Head of Planning, Performance and Programmes and Sam Read, Sector Development Manager, specialising in the video games sector, are moving on from EM3, at the end of November and October respectively. Both have made significant contributions to the LEP’s success and will be hugely missed. These vacancies have been advertised.
- 12.2. We are very pleased to announce that, subject to references, we have appointed an outstanding candidate as our new Communications Manager. All being well, she will join us in early November.

Sue Littlemore and Stephen Martin - EM3 Joint Managing Directors  
28 September 2022



Department for Levelling Up,  
Housing & Communities

**Dehenna Davison MP**

*Parliamentary Under Secretary of State*  
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23 SEP 2022

*Dear Mark,*

Thank you for your email of 5<sup>th</sup> July to Neil O'Brien MP following the Local Enterprise Partnerships (LEPs) Business Leaders Conference on 27<sup>th</sup> June. As you will know, Neil has since left the Department, so I am replying as this matter now falls within my ministerial responsibilities.

I'm glad that the conference was successful. I agree with Neil's comments that there is a 'vital and ongoing role' for LEP functions going forward, whether they are integrated into local democratic institutions or not. The history of LEPs shows that the Government achieves most for places not by acting alone but enabling the private sector and others to sustain and increase investment, jobs, and growth at a local level.

That is why we want to retain the key strengths of LEPs by integrating their role and functions into our new devolution plans. Central to this will be embedding a strong, independent, and diverse business voice into local democratic institutions, with business leaders shaping policies for their local area in a meaningful way, acting as critical friends and independent experts to local leaders.

I agree that this must not be optional. We will be looking carefully at LEP Integration Plans as they are submitted to see how they intend to embed a strong, independent, diverse business voice into Mayoral Combined Authorities and other devolved institutions. The department has also recently updated its illustrative template for integration planning to emphasise this point. I do hope this will provide some reassurance over the importance we place on maintaining the integrity of LEPs' independent voice.

With regard to core funding, we wrote to LEP Chief Executives on 31<sup>st</sup> March to confirm funding of £375,000 per LEP for 2022-23. Payments to LEPs were made on 29<sup>th</sup> July. No decision has yet been made on funding beyond this financial year, but I quite understand your desire to secure a multi-year funding settlement for LEPs in the future. I have asked my officials to explore what options may be available over the remainder of the current Spending Review period.

I know that my officials meet regularly with Mark Livesey and others through the LEP Integration and Futures Working Group. I am grateful for all that the LEP Network is doing to support DLUHC in maintaining a positive working relationship with LEPs at various stages of integration.

Thank you again for writing on this important matter, and I look forward to continuing this dialogue and exchange of ideas over the coming months.

With every good wish,

A handwritten signature in blue ink that reads "Dehenna". The signature is written in a cursive, flowing style.

**DEHENNA DAVISON MP**