

Enterprise M3 Board Meeting

2 February 2023

Managing Directors' Report – Item 5

1. LEP News

- 1.1. Enterprise M3 LEP is continuing to maintain its high reputation as an important strategic and delivery partner across Surrey and Hampshire. As examples, Business South has asked to deepen our relationship and invited us to become a Business South Champion; Joint MD, Sue Littlemore, was invited to be part of an appointments panel for the CEO of Wessex Trusted Health Partnership; three councils across mid Hampshire have asked the LEP to lead work to release the full potential of economic activity in rural areas, and the LEP is facilitating conversations to increase the geographic spread and impact of our powerful higher education sector. Several authorities in Surrey have come to us for strategic guidance on economic growth and the Joint MDs have also been asked by a local authority partner to help accelerate key high growth sectors: creative industries and life sciences.
- 1.2. January has seen most newly recruited members of our team join and we are delighted to welcome them all. Our existing colleagues are readily sharing their experience to support new colleagues and the office is buzzing with energy and ideas.

2. Growth Hub Activity

- 2.1. A review of the Growth Hub has taken place with actions collated to ensure that appropriate contracts are renewed and that a Data Protection Impact Assessment is carried out.
- 2.2. Objectives for the Growth Hub in the current financial year will not be met due to reduced team resources. A meeting has been planned to liaise with Associates and discuss new governance arrangements on a flexible basis.
- 2.3. Ideas and options are being explored for the future of the Growth Hub, including consideration of how to create and build a sustainable model, without relying wholly on public funding.
- 2.4. Enterprise M3 is the cluster lead for the South Central cluster of Growth Hubs which includes Berkshire, Solent and Coast to Capital Growth Hubs. The cluster meets fortnightly following a national cluster call meeting held with BEIS. Key messages and discussions from the national cluster lead call are cascaded to the South Central Cluster. We heard at the last meeting held on 11 January 2023 that, although BEIS' relationship and dialogue with the Treasury and Government Ministers is much improved, we were no closer to receiving confirmation of future Growth Hub funding.
- 2.5. Following the announcement of the closure of the Help to Grow Digital programme a consultant from MH&A joined the last Growth Hub National call to obtain feedback from cluster leads on the programme. This included a need for LEPs to be more involved in the programme design at the initial concept development, better alignment with SME needs (as understood by the Growth Hubs), better alignment with other business support schemes offered by Growth Hubs, funded engagement with Growth Hubs help market the scheme and better communication with BEIS and other central government leads.
- 2.6. ACAS joined the call to outline current changes. ACAS is moving to a service led model and is separating out advice and business services from disputes support. Advice and business services delivery will include, the helpline and business advice through an initial 24 Advisors across the ACAS regions.
- 2.7. A Net Zero conference call hosted by the Growth Company, the national growth Hub coordinator, was held on 16 January 2023. This was designed to share feedback on Net Zero activities across the network especially considering the recently released Skidmore review. Many growth hubs are offering some form of Net Zero support with some having dedicated teams and annual conferences or offering grants from ERDF funding such as the SME Low Carbon Workplaces Scheme.

- 2.8. The cluster is holding the second and third 20-minute webinars on 2 February covering workforce resilience and 23 February covering financial resilience. These webinars provide the cluster growth hubs with economies of scale and lead generating opportunities.

3. Trade and Investment

- 3.1. We are currently putting together a trade & investment action plan to capitalise on new initiatives such as DIT's Export Academy which provides both online and in person resources including masterclasses for both new exporters and those companies who are more established in international trade.
- 3.2. We managed to obtain the list of all EM3 companies who have received SME Competitiveness grants which could provide a useful source of leads for the Growth Hub. A total of 53 companies were supported across a broad range of sectors and international markets.
- 3.3. The current inward investment performance is similar to the previous month with an active pipeline which has grown slightly from 37-39, and from 12-15 for those that could land in the 2022/23 financial year. So far there have been 5 successes responsible for 68 jobs. The Team is actively reviewing pipeline companies to see if we can support in soft landing.
- 3.4. The Team is planning to meet Hampshire County Council to discuss future inward investment models.

4. Sector Cluster Development

Jet Zero

- 4.1. The team welcomed Merida Cable-Lewis who joined as Sector Development Manager on the 6th December.
- 4.2. Building on our first workshop back in September, the team put on a second roundtable event at Farnborough Airport on the 5th December to explore our strengths and capabilities around Jet Zero. There were presentations from Farnborough Airport on their ambitious 'Road to Net Zero' plans and Farnborough based TISICS spoke about the considerable national and international market opportunities for advanced materials that could be capitalised on in the EM3 region. The Solent LEP provided an update on the new Solent Cluster Decarbonisation Initiative and a spotlight on potential funding opportunities for the sector was led by the University of Southampton.
- 4.3. The workshop was positive and provided some good feedback and suggestions on taking this work further with an emphasis on engaging more businesses, understanding the regions USP and developing a strong evidence base.
- 4.4. In response to that feedback work is underway to commission some detailed mapping and consultation work and a resulting EM3 Sector Proposition for Jet Zero including next steps to build an effective cluster network.
- 4.5. A meeting was held with Velocys who are involved in the building of the first Sustainable Aviation Fuel production plant at Immingham in Lincolnshire. We are currently seeking to explore investment and collaboration opportunities by introducing them to Farnborough Airport.

Animal Health Innovation Network

- 4.6. The Head of Enterprise & Innovation participated in a successful HPO presentation with the University of Surrey, DIT and Zoetis. A Hong Kong start-up in the AI field within the veterinary sector approached us as they are interested in setting up in the UK. A meeting was facilitated with DIT Sector Specialists and this now a live project.

Space South Central

- 4.7. The cluster has been successful in securing funding from The UK Space Agency (with match from the University of Portsmouth and Surrey University) for 1) to fund the establishment of a small team led by a new director to take the cluster forward (Portsmouth) and 2) establish a maker space technical facility at the University of Surrey Space Centre for businesses to work with two dedicated engineers on developing new products and services.

Guildford Games Cluster

- 4.8. EM3 is one of the sponsors of the 2023 Guildford Games Festival which takes place on Friday 10th February at G-Live in Guildford, and the event is also being streamed digitally on Twitch (a video live streaming service focussed on the sector). EM3 will have a stand with a main focus on Growth Hub support. Aside a number of key industry speakers, the festival has a Meet the Studios Developer Expo and a special Guildford arcade showcasing locally developed and produced games.

- 4.9. The team met the DIT Creative Sector Team to discuss the existing HPO Immersive Technology HPO and there is an action to understand who is account managing foreign owned studios to get a better feel for new investment and expansion.
- 4.10. UCA (University of Creative Arts) has secured some Innovate UK funding to establish a creative industries network for Surrey and as part of this is running a summit to showcase the sector on March 1st. The summit will include a creative industries showcase, panel discussions and keynote speakers. EM3 will be participating.

5. Skills

- 5.1. Discussions are in-hand with Surrey Chamber of Commerce regarding the level of EM3 support for the **LSIP** (Local Skills Improvement Plan). The LEP has now provided most of the economy and labour market data to inform the LSIP.
- 5.2. The LEP attended the first **Space South Central Cluster – Skills working group** meeting to create closer working links with skills initiatives across the region – including the LSIP.
- 5.3. Work on the Strategic Development Fund project is in the final stages – funding ends on 31 March – with a focus on employer engagement to inform and engage with Green Tech skills courses.
- 5.4. The LEP has been supporting a series of Ofsted inspections at EM3 and LSIP colleges including Activate Learning, Orbital South Colleges Group and Nescot. The input helps inform how the colleges are working collaboratively to address local skills needs.
- 5.5. The next Skills Advisory Panel (SAP) is taking place on 26 January with a focus on the impact of the SAP in 2022 and a discussion on ‘Marketing’ skills needs.

6. Careers Hub

- 6.1. The New Enterprise Coordinator, Nicki Morgan-Potter. is starting on 1st Feb. She will be working in the Rushmoor, Hart, and Waverley borough areas.
- 6.2. Confirmation of £36,000 for an additionally funded project in collaboration with Coast to Capital’s Careers Hub and Surrey County Council. Offering Science and Geography teachers from Surrey Schools 3 days of work experience in Surrey businesses with a focus on green skills.

7. Latest evidence on the economy and labour market

- 7.1. The Dashboard report for January 2023 highlights some key issues for the EM3 economy. The key points to note are:
 - The national and EM3 economies appear to have avoided entering recession with growth in terms of Gross Value Added (GVA) seen in both October and November. The growth in EM3 was higher than that seen at the national level.
 - While inflation may have peaked, households and businesses face ongoing pressures from high energy prices. A new energy bill relief scheme is expected to be in place which is to target energy-intensive industries. Based on the BEIS definition of such businesses, there are 320 such companies in the EM3 area with the greatest number located in the Test Valley and East Hampshire districts. Data indicates that there is a rising number of businesses rationalising their activities and premises in order to maintain operations in the face of these increased costs, as well as increasing number of closures.
 - The EM3 labour market continues to be strong despite these pressures. The level of self-employed workers fell over the 12 months to June 2022. This is partly due to some self-employed reclassifying themselves as directly employed while in the same role. A key change is that the level of self-employed workers in the EM3 LEP area has fallen below the national average, a trend which began over a year ago.
 - More details can be seen in the full Dashboard provided in Item 14.

8. Enterprise Zones

- 8.1. The LEP team has appointed Cushman & Wakefield to provide expertise and support to produce a new Implementation Plan for the tri-site Enterprise Zone. This will be the second plan following the Zone’s inception in April 2017.

- 8.2. The work being undertaken by the Cushman& Wakefield team includes a Commercial Property Market Assessment, more detailed forecasts of potential Business Rates Income Growth and a programme of future interventions the LEP, together with key partners, might make in support of economic growth. The new Implementation Plan is due to complete by the beginning of June 2023.
- 8.3. The EZ Steering Group partners recently agreed to develop a business directory covering the three Enterprise Zone sites, providing a web-based list of employers located in each site and an opportunity to understand the breadth and diversity of businesses which make the Enterprise Zones their home. It will provide a useful tool to both promote business activity and monitor the change and growth of the Zone over time.

Basing View

- 8.4. Basingstoke and Deane Borough Council and the AA have agreed to jointly market the roadside recovery and insurance company's headquarter building at Fanum House, as the company wants to move out. This would provide for a major redevelopment of the 7.5 acre site.

Longcross Park

- 8.5. Positive conversations are continuing with local authority and university stakeholders to explore potential for Longcross to become the focus of a concentration of SMEs in the creative industries.

Whitehill and Bordon

- 8.6. The LEP was one of the key partners at a celebratory event, organised by East Hampshire District Council, to mark the 5-year point of the development programme for the town's expansion. (In fact, development began 7 years ago and the celebration was delayed due to Covid and the death of HM the Queen.)

Investment Zones

- 8.7. This policy launched under the Truss Government has now been cancelled. An announcement on an alternative university-led "Innovation Zones" is awaited.

9. Communications & Stakeholder Engagement

- 9.1. Following the launch of the "Jewels in the Crown" campaign, supported by Carswell Gould, in November, we have continued to highlight each of the seven jewels over December and January via a weekly spotlight. This has led to engagement from the public and representatives from the different organisations.
- 9.2. The communications team has supported EM3's recent Public Affairs engagement, producing a designed one-pager highlighting key EM3 successes and services alongside constituency information for Michael Gove MP and Jeremy Hunt MP. The team also provided briefing notes for Michael Queen's meetings with Dame Maria Miller MP and Jeremy Hunt MP.
- 9.3. The communications team produced a newsletter in December, sharing key EM3 highlights from the end of 2022, to wish our stakeholders a "happy low carbon Christmas and prosperous high growth new year". A January newsletter, promoting the business support services we provide, including the Growth Hub, sector clusters, Enterprise Zone and Careers Hub was also shared.
- 9.4. In December, the Communications team hosted the first of the South Central Cluster of Growth Hubs' Developing Business Resilience webinars on Zoom and we continue to promote two more Business Resilience webinars taking place in February.
- 9.5. The following events were attended by the communications team and highlighted via our social media and website news pages:
 - [Jet Zero Cluster meeting at Farnborough Airport](#)
 - [Whitehill & Bordon Regeneration Celebratory Event](#)
- 9.6. The communications team also produced and shared the following news articles:
 - [New milestone for EM3 fibre spine project](#)
 - [Kebur Garden materials Growth Hub case study](#)
 - [Maria Miller MP meeting](#) which took place at Basing View

10. Gigabit EM3

- 10.1. A final stage of market engagement in January gave potential bidders the opportunity to comment on full drafts of the specification for the project, the contract, the collaboration agreement (which will govern the relationship between EM3 as the client and the successful supplier) and the lease on some of the infrastructure (given that EM3 will retain ownership) that will be granted to the supplier to allow them to develop commercial services with customers such as ISPs and mobile operators.
- 10.2. In parallel the ITT for the project has been completed so the formal procurement process will begin as soon as possible once any final changes have been made to the documentation in the light of responses from the market engagement.
- 10.3. We are hopeful construction will begin this Summer.

11. Staffing Change

- 11.1. Kevin Travers, our Head of Infrastructure, is leaving us on the 8 February, Kevin has been with the LEP since July 2014 on secondment from Hampshire County Council before joining us full-time in April 2018. Kevin's extensive knowledge about the area will be greatly missed and we wish Kevin the very best for the future.
- 11.2. Geoff Wells, Capital Programme Manager will be finishing on 10 February. We thank Geoff for his contribution in ensuring we have been well placed to report on our performance in meeting Government targets and he leaves with our very best wishes.

Sue Littlemore and Stephen Martin - EM3 Joint Managing Directors
25 January 2023