

Enterprise M3 Board Meeting

6 April 2023

Managing Directors' Report – Item 13

1. LEP News

- 1.1 DLUCH officials have confirmed £250,000 core funding for the financial year 2023-24, subject to final business case approval. Although this represents a reduction of a third on last year's £375,000, this is excellent news. Together with the confirmed funding for Growth Hubs (see below) this means the EM3 team will be forging ahead with our 23/24 Delivery Plan in support of a low carbon, high growth economy across our region. Further, the state of our finances means EM3 LEP is, in principle, sustainable beyond April 2024.
- 1.2 In his March Budget statement, the Chancellor announced "the Government intends for the functions of Local Enterprise Partnerships to be delivered by democratically elected local leaders, where appropriate in the future. Therefore the Government is minded to withdraw central government support for Local Enterprise Partnerships from April 2024." Ahead of a decision, expected by Summer 2023, consultation is underway initially in the form of a questionnaire of fifty questions that has been sent to LEPs and LAs to return by April 14th. The MDs have also invited other important LEP stakeholders, including Universities, Colleges and Business Representative Organisations to respond to relevant parts of the survey.
- 1.3 Following this announcement, the Chair and MDs have sought early conversations with senior leaders at both County Councils and is arranging a meeting of District and Borough Chief Executives. The MDs have promised to keep the team fully informed about developments while emphasising EM3 is fully funded to deliver its plans for the 23/24 financial year and potentially beyond.
- 1.4 The MDs have continued to support regional growth activities. Stephen, for example, attended the launch of a regeneration scheme in Aldershot and spoke to a meeting of Woking Councillors about the work of the LEP. Sue was a guest at a Business South conference speaking on the importance of partnerships in supporting economic growth and spoke about the LEP's role in the Future Towns Innovation Hub at the UK Science Park Association's annual conference hosted by the University of Southampton Science Park.

2. Growth Hub Activity

- 2.1. Growth Hub funding of £12m has been confirmed by the Department of Business and Trade for 2023/24, this is a national increase of £1m above 2022/23. We are awaiting confirmation of EM3's budget allocation. Existing contracts to maintain the EM3 Growth Hub services have been renewed for 2023/24.
- 2.2. Case studies and testimonials from clients have been collated for promotion through EM3 communication channels. An innovative marketing campaign for EM3 Growth Hub is scheduled to commence from April 2023, to raise profile and increase leads. EM3 Growth Hub improvements to the website are being planned to increase awareness and reputation of business support services available.
- 2.3. The current EM3 Growth Champion role will become the EM3 Senior Growth Hub Manager, following review. A Business Development Manager is needed to support the Senior Growth Hub Manager in the delivery of target KPIs. However, this post has been put on hold following the Chancellor's announcement and the uncertain future for LEPs.
- 2.4. Associates are being consulted on further improvements to EM3 Growth Hub. Connections have been made for increased engagement with The FSE Group.
- 2.5. Cluster Lead funding of £40k has been confirmed for 2023/24 to enable EM3 to continue facilitation of the South-Central Growth Hub Cluster (EM3, Solent, Berkshire and Coast2Capital Growth Hubs). The aim of the Cluster is to achieve economies of scale and in February, the South-Central Cluster held two jointly resourced 20-minute webinars for businesses covering workforce resilience and financial resilience. These webinars also opportunities to source clients for the cluster growth. Thirty delegates registered for the workforce resilience webinar and twenty-four for the financial resilience webinar.
- 2.6. The biannual meeting between the South-Central Cluster of LEPs, Growth Hubs and senior regional banking leaders was chaired by Sue Littlemore in February. The meeting is part of EM3's current government mandate to gather business intelligence. Key feedback was mixed with some banks reporting confidence among EM3 businesses is generally high, others reporting small businesses are struggling with energy costs and inflation and finding investors are becoming increasingly risk averse, although carbon

reduction technologies is increasingly attracting investors. Sourcing the right skills and staff retention are a common theme holding back growth.

- 2.7. Recruitment and the associated lack of employability skills remain the concerns expressed in the monthly meeting convened by EM3 with business representative organisations. Businesses are finding it particularly difficult to recruit in the areas of digital marketing, sales and business development. There were reported concerns about the impact on SME investment of R&D Tax credit changes, effective from April 2023.
- 2.8. EM3 held a meeting with Barclays Eagle Labs following the DCMS announcement that they had secured the £12.09 million Digital Growth Grant funding. The meeting explored opportunities for establishing a Barclays Eagle Labs in the EM3 area and their investment in the local business support ecosystem. A call in April 2023 for £50k to £250K bids to deliver innovation solutions at a local level was also discussed.
- 2.9. Enterprise M3 attended the Help to Grow: Management regional event for alumni of the programme in Portsmouth on 23 March 2023. This was a good opportunity to make the delegates aware of the support that is available through Growth Hubs and generate leads. The information was very well received. The Growth Hub cluster meet bi monthly with the Business Schools to encourage cross referral and generate quality leads.
- 2.10. The National Cyber Security Centre (NCSC) joined the most recent National Cluster Lead call (arranged by the Dept for Business and Trade) on 22 March 2023 to outline their latest Cyber Aware campaign aimed at those most frequently affected by Cyber crime, sole traders, micro businesses, schools and charities. A campaign toolkit and tools for organisations are being provided along with a webinar for intermediaries.
- 2.11. A Business Support Helpline conference call hosted by the Growth Company, the national Growth Hub coordinator, was held on 27 January 2023. This was designed to gain an insight from the Growth Hub network to inform the tender for the national Business Support helpline. Growth Hubs, including the South Central Cluster, are looking for improved alignment of the Helpline with the local Growth Hubs, improved data sharing and more proactive referrals to local Growth Hubs so that the businesses are better informed of local support initiatives.

3. Trade and Investment

- 3.1. The team are finalising an inward investment action plan focusing on sector propositions and effective links to commercial property options and the development of a 'soft landing' team. This needs to align both with investment services designed by the Department for Business & Trade and those of our local authority partners.
- 3.2. The latest figures from Department for Business & Trade (February) show there are currently 13 successful Foreign Direct Investment projects creating a total of 110 jobs with 8 other projects in the pipeline which have a high probability of converting in the next couple of months.
- 3.3. The team had a stand at the DIT Southern Europe Roadshow in Guildford in March where overseas commercial staff from DIT from markets including Spain, Portugal and Greece met local companies for 1:1 meetings.

4. Sector Cluster Development

Jet Zero

- 4.1. A contract has now been awarded to the economic consultancy SQW Limited to undertake a detailed study of the emerging Jet Zero cluster in the EM3/Solent region. The work has three parts:
 - To map regional organisations including businesses and research organisations and facilities engaged in the various strands of achieving Jet Zero. SQW will use AI technology to pick up companies who may not appear in more traditional data sets.
 - The development of a high-level action plan and roadmap identifying what is needed to take the Farnborough/Hampshire-based sector forward to greater growth and impact.
 - A proposition document to showcase the sector to attract inward investment from national and international sources.

The study will involve wide stakeholder consultation and should be completed by mid-July

- 4.2. The team will be having a stand at the forthcoming Sustainable Skies Summit at Farnborough International on 17/4/23.

- 4.3. We are pleased to have agreed a secondment for Tom Bircham from the Economic Development Team at Rushmoor Borough Council to join the team two days' a week for nine months to support our work on Jet Zero. As part of his brief, Tom will help us review the use of the LEP funded Aerospace Research & Innovation Centre in Farnborough. We are currently looking at the possibility of establishing a centre for expertise there for companies with an interest in hydrogen production technologies.

Animal Health Innovation Network

- 4.4. The team had a productive meeting with Professor Cook and Travis Street from V-Hive at the University of Surrey to see how we can support future development of the wider Animal Health Network. We have connected them with our Communications Team to share updates and case studies.
- 4.5. The team has also asked us to guide several companies, including some potential inward investors, who want to connect to the Network's facilities. As an example, a meeting is planned with an Australian technology company developing sensors to monitor cattle behaviours and looking to locate in the UK.
- 4.6. A new V-Hive 2 has been launched which seeks to build on the success of their partnership with Zoetis with a focus on new cutting-edge technologies from human health such as AI, biomarkers, big data and health informatics

Space South Central

- 4.7. The board met in March at the University of Southampton and outlined more detailed plans how the UK Space Agency funding will be invested in support of the regional space/satellite sector. At EM3's suggestion it was suggested that to ensure that business intelligence in the sector remained up-to-date and relevant an SME stakeholder group should be formed.

Surrey Innovation Working Group

- 4.8. The team are contributing to the Surrey Innovation Working Group which seeks to establish in Surrey an effective innovation network, comparable with other high performing areas of the UK and internationally. There have been two workshop sessions led by the Connected Places Catapult which have mapped key assets, identified key opportunities and provided a roadmap for the next 24 months. The key workstreams include the development of a new public/private sector Investment fund.

5. Skills

- 5.1. The funding window for Strategic Development Fund project closes on 31 March and the LEP continues to provide expert project management and financial support to the consortium of eight colleges. The project has already launched some Green Skills courses, aimed at businesses, on the LEP-funded Innovation South Virtual Campus: <https://em3.isvc.co.uk/>
- 5.2. From 1 April, the LEP will be offering further project support to Surrey Chambers of Commerce as they begin to collate research findings to inform the Local Skills Improvement Plan report for the area. This will identify priority sectors and activity to make the local skills system more responsive to employers' skills needs.
- 5.3. The next Skills Advisory Panel (SAP) is taking place on 4 April with a focus on the skills and recruitment challenges for the rural economy and a discussion on how the Panel will evolve over the next 12 months and beyond to continue to support employers' skills challenges.

6. Careers Hub

- 6.1. Jo Lane joined the careers hub as an Employee Engagement Enterprise Coordinator. We are now recruited to full capacity. Numerous Surrey based businesses now signed up to the additionally funded, green focused Teachers Encounters project (teachers work experience) including, Surrey Wildlife Trust, Connect Kerb, Balfour Beatty, Surrey County Council.

7. Latest evidence on the economy and labour market

- 7.1. The Dashboard report for March 2023 highlights some key issues for the EM3 economy. The key points to note are:
- Enterprise M3 economy has avoided technical recession and fiscal outlook somewhat better than in November but still much worse than expected a year ago.
 - Unexpectedly inflation edged higher in February.

- The outlook for Enterprise M3 is much stronger than indicated in the latest set of independent forecasts but the recent turmoil in the financial markets are a major threat to financial stability and growth.
- The labour market in Enterprise M3 tightened further in the last quarter but there are signals of a rise in unemployment and fewer vacancies in forward looking data.
- Nevertheless, demand for high and upper-intermediate skills persists in Enterprise M3.
- New analysis by DfE suggests employment demand in Enterprise M3 up to 2035 will be driven by higher value-added services but strong demand to replace leavers across all sectors/occupations.
- Demand to replace leavers in admin., manufacturing and elementary roles expected to fall away.

8. Enterprise Zones

8.1. The work by Cushman and Wakefield provided an initial report on the commercial property market and opportunities for development at each of the sites. This was discussed at the EZ Programme Steering Group meeting in March and highlighted some approaches needed in order to spur future development at sites and Business Rates Income generation. The Cushman Team will be using this information to establish development trajectories and scenarios at each of the sites for discussion with partners which will then feed into forecasts of business rates growth.

Basing View

8.2. A survey report on the optimum location for the basepoint unit for the 5G network on Basing View has been received and will enable Basingstoke and Deane Borough Council's supplier to install this and finalise the route for the Living Lab network.

Longcross Park

8.3. No updates for this site.

Whitehill and Bordon

8.4. It is understood that Homes England intend to remarket the TechForest site for disposal to another developer following the withdrawal of the previous interested party. This will have the effect of further delaying the build out of the site and bringing it into use by employers and its potential to generate business rates.

9. Investment Zones

9.1. The Government, as part of its Spring Budget, announced 12 Investment Zones across the UK, with the stated aim of helping drive economic growth and "levelling up" the country. Zones will be clustered around universities and research centres with the aim of accelerating growth in key industries like life sciences, technology and creative industries. None has been allocated for the South East. The confirmed locations include the West Midlands, Greater Manchester, the North-east, South Yorkshire, West Yorkshire, East Midlands, Teesside, and Liverpool. There will also be zones delivered in each of the devolved administrations.

9.2. Each English Investment Zone will have access to £80m over 5 years, including a single five-year tax package matching that in Freeports (enhanced rates of Capital Allowance, Structures and Buildings Allowance, and relief from Stamp Duty Land Tax, Business Rates and Employer National Insurance Contributions), and grant funding to address local productivity barriers.

10. Communications & Stakeholder Engagement

10.1. The communications team have continued to support EM3's recent Public Affairs engagement, producing constituency targeted one-pagers and briefing notes for Michael Queen's recent meetings with Dr Ben Spencer MP (Runnymede & Weybridge) and Ranil Jayawardena MP(NE Hants)

10.2. The communications team marketed and hosted the final two South Central Cluster of Growth Hubs' Developing Business Resilience webinars on Zoom in February, including sharing access to the recordings with our wider stakeholders.

10.3. Following the success of the Autumn campaign at driving business leads we have worked with our marketing agency Carswell Gould to develop a spring advertising and marketing campaign to promote our Growth Hub services to high potential SME's in our region, this will be running from the end of March into April 2023.

- 10.4. Planning for EM3's Annual Conference 'Celebrating our Innovation Region' is underway and the communications team have researched and secured a venue and date for the event which will take place on **3 October 2023** at Farnborough Village Hotel. A 'Save the Date' email has been shared with our wider stakeholder list and Bernard Donoghue OBE, Director at the Association of Leading Visitor Attractions (ALVA) has agreed to be a keynote speaker. Carswell Gould will also be providing design and logistical support for the conference going forward and an STA for this and their other marketing services for 23-24 is in progress.
- 10.5. The communications team also shared key highlights from the Government's budget with our stakeholders via social media and will be sharing a positive message about the year ahead, highlighting our 23-24 delivery plan.
- 10.6. The following events were attended by the communications team and highlighted via our social media and website news pages:
- Guildford Games Festival on 10 February
 - Creative Growth - Business and Innovation Summit at the University of Creative Arts on 1 March
 - Business South Regeneration of North Hampshire & Surrey Conference on 2 March
- 10.7. The communications team also produced and shared the following news articles:
- [EM3 Skills Advisory Panel plays active role in addressing local skills challenges](#)
 - [Growth is on the horizon with help from EM3 Growth Champion](#)
 - [The Guildford Games Festival backed by EM3, proved to be a sell-out success](#)
 - [Think Sigma is on the road to success](#)
 - [Topping out milestone reached to revitalise Aldershot town centre](#)

11. European Funding

- 11.1. We hosted our quarterly ESIF Practitioner Forum on 10th March attended by all our ERDF & ESF projects in delivery.
- 11.2. All ESF projects that requested an extension got granted by the Managing Authority, which means that most provisions will carry on until the end of the year.
- 11.3. A new FAST-CARE 100% ESF funded call has been opened on 23 March to support Ukrainian refugees. We have passed all the details and relevant information to current ESF providers and local authorities.

12. Gigabit EM3

- 12.1. The ITT and the contract documentation are very close to being ready for issue subject to a final review by HCC (a standard procedure for all procurements). Any implications for the project arising from the Government announcement in the Budget about their current intentions as regards LEPs will also be considered as part of this final review. The approach that has been developed future proofs the project in the event of the LEP ceasing to exist, allowing for the project to be transferred to successor bodies.

13. Staffing Matters

- 13.1. We now have our full complement of Enterprise Co-ordinators with Beth Linklater and Tracey Haigh joining the team. Megan Low, Careers and Skills Manager will soon be going on maternity leave and Suzanne Dixon has joined the team to provide maternity cover for Megan. We have also been joined by Elizabeth Seaman as our Performance and Governance Manager. The new starters have been given a warm welcome by the Team and we are delighted to have them all on board. The Board will have an opportunity to meet team members following the Board meeting at the Village Hotel.

Sue Littlemore and Stephen Martin - EM3 Joint Managing Directors
30 March 2023