

Enterprise M3 Board Meeting

8 June 2023

Managing Directors' Report – Item 4

1. LEP News

- 1.1 All LEPs have been sent a long-awaited national evaluation of Growth Hub performance between 2015-2020, carried out by consultants, Technopolis, and commissioned by BEIS, as was. The outcome paints a very positive picture of the value and impact of Growth Hubs. For example, this is an extract from the Exec. Summary:

“The network of 38 Growth Hubs has a strong reputation for reliability and independence among stakeholders, partners, and businesses. These groups also see the Growth Hubs as contributing positively to the development of their local ecosystems by i) addressing local policy, ii) bringing together and leveraging local partners and where possible continually appraising gaps and needs, and iii) communicating local needs to policy makers in central government.”

- 1.2 Sue Littlemore attended an event about the Solent Freeport, held in Portsmouth. It was an informative, well-organised event. As a major focal point in the Central South for inward investment and economic and skills development, the impact of Solent Freeport has the potential to have a significant impact on the Enterprise M3 area. Two relevant points to note from a three hour session: the Chair of Solent Freeport confirmed the owners of the tax sites, which will offer significant tax incentives to new businesses, have signed agreements to avoid displacing companies from other regions; Junction 9 of the M3, north of Winchester and within the EM3 area, falls within the boundaries of the Freeport's area outlined for infrastructure improvements. It therefore might benefit from funding for improvements - it is a critical route between the North, the Midlands and Southampton Port.
- 1.3 As this report demonstrates, despite current uncertainties about the future, there has been no let-up in the team's energy and dedication to supporting businesses, communities and economic growth across Hampshire and Surrey. Board Directors will note from the report on our Delivery Plan the 12/14 of our deliverables are on track to be achieved. The 2 outstanding have had to be paused pending the outcome of the Chancellor's proposal to cease government funding of LEPs.
- 1.4 On that matter, the evidence-gathering questionnaire issued to all LEPs and LAs by DLUCH was submitted by the deadline in May. Some of our university and college partners also took the trouble to respond which is much appreciated. Currently, DLUCH officials expect a decision to be made by the Summer recess, 20th July 2023

2. Growth Hub Activity

- 2.1. The Growth Hub year end report was submitted to the Department for Business & Trade on 31 May. The areas of work reported included:
- Management, Governance, and Coordination
 - The Customer Journey
 - Strategic Partnerships and Business Support Simplification
 - Data, Monitoring, Evaluation and Value for Money
 - Business and Economic Intelligence
 - Cluster Lead Services to the south-central region
- 2.2. The budget allocation for 2023/24 is £338,250, for “giving advice and support to businesses via the Growth Hub.” The grant includes £40,000 for coordinating the EM3 Growth Hub Cluster in the south-central region.
- 2.3. Highly experienced business consultant's, Roya Croudace and Andy Swift, have joined the EM3 Growth Hub in the joint full-time role of 'Senior Growth Champion'. Graham Thompson has also been appointed as 'Business Development Manager' and these contracts will run until 31 March 2024. In addition, Deborah Wyatt is providing Business Development support to the Growth Hub, to review services and processes to assist with improvements in delivery impact and customer service for 2023/24, including telemarketing and training support, to provide 'one to many' workshops and webinars.

- 2.4. The greater number of incoming business support enquiries signposted from the helpline will be delivered directly by the EM3 Growth Hub team. Additional support will be provided by the Associates for specialist advice as required, in line with their area of specific expertise.
- 2.5. Business helpline provider, Umi, have approached EM3 Growth Hub proposing consideration of participation of a South East Export Awards event, on a revenue share basis. This is of particular interest as DBT have advised that the focus in Government will be on 'Start|Grow|Export' for SME's supported by the Growth Hubs.
- 2.6. The Scaleup Institute (SUI) have invited the LEP to participate in their masterclass programme in Coventry on 12-14 June. *Driving UK Economic Growth through Scale-Up Ecosystems*. We are putting forward a multi-sector team to benefit the EM3 area through engaging with this privileged opportunity. Our findings and presentation will be made available following this course.
- 2.7. Malcolm Brabon, EM3 Growth Hub Cluster Partnerships Manager is compiling a bid for submission to Barclays Digital Growth Fund, to seek funding support for a Digital and Tech Sector facilitator, which, if successful, will link to the findings from the SUI programme.
- 2.8. EM3 facilitated a meeting with the Catalyst South Growth Hubs to discuss a potential consortium bid for the Ecosystem Partnerships Programme as part of the Barclays Eagle Labs Digital Growth Grant funding. The meeting explored opportunities including the development of a Catalyst South platform but this was not progressed due to concerns around sustaining the platform beyond March 2024 when the funding period finishes.
- 2.9. EM3 continues to chair a monthly meeting with business representative organisations as part of an ongoing business intelligence gathering exercise. The findings from these meetings are included in a monthly business intelligence report submitted to the Department for Business & Trade. Membership organisations are reporting that businesses in our area continue to be resilient with some reporting increased levels of confidence for the future. However businesses continue to face a number of challenges including the high cost of energy, inflationary pressures for input costs and wage levels. In some sectors there are reports of reducing input costs for example manufacturing businesses seeing reductions in the cost of metal. There were reported concerns about the impact on SME investment of R&D Tax credit changes, effective from April 2023.

3. Trade and Investment

- 3.1. The provisional final performance figures for inward investment in the EM3 region show a drop in numbers with 21 successful projects in 2022/23 compared with 25 in 2021/22. These results partly reflect a shift in resources at the Department for Business & Trade to high value projects and the Levelling Up Agenda. The projects include a number of acquisitions by foreign owned businesses, but it is encouraging to see some new projects in key sectors including life sciences, ICT and Artificial Intelligence. The team are in the process of implementing a new Inward Investment Delivery Plan built around key five themes: sector propositions, place marketing, enterprise zones, partnerships, and account management.
- 3.2. The year has started in positive fashion with news that DPS Games (previously named Wargaming UK) are increasing their presence in Guildford by taking an extra floor at their office at Guildford Business Park. This involves the relocation of staff from their Cyprus HQ and equates to 160 new jobs and £1million capital expenditure.
- 3.3. The team presented at a visit to Basingstoke by the Department for Business & Trade Professional and Financial Services Team based in London. We highlighted EM3 excellent locational advantages and shared details of our work on clusters.

4. Sector Cluster Development

Jet Zero

- 4.1. SQW are continuing their work in mapping out businesses that are engaging, or have the propensity to engage, in the Jet Zero sector and are currently undertaking stakeholder interviews to get a full picture on our key strengths and opportunities. The Steering Group met again on the 5th May to scope out definitions of Jet Zero and agree the priority areas to focus on. One emerging area of interest is the infrastructure and facilities that will be required at airports to enable the safe delivery and distribution of hydrogen and we are working with The Farnborough Aerospace Consortium to see if there is scope for launching an accelerator for companies who could be in the infrastructure supply chain

- 4.2. We have widened our network to draw in more knowledge and insight on the decarbonisation of aviation including meetings with the Head of Carbon Reduction at Heathrow and the Director of the Rolls Royce University Centre in Thermo-Fluid Systems (University of Surrey)

Animal Health Innovation Network

- 4.3. The team contributed to the presentation panel for the Department for Business & Trade's Agritech HPO webinars to over 80 commercial officers based in overseas embassies on 23rd May. There are five Agritech HPO programmes nationally including Precision Agriculture based in Shropshire and Plant Science in Norfolk. The webinar provided an excellent platform to highlight the EM3 Animal Health Innovation Network with its focus on digital technologies in veterinary science centered on Vhive at the University of Surrey.

Life Sciences

- 4.4. The results of the Life Sciences study undertaken by the Economics Team at Hampshire County Council team reveals a significant concentration of pharmaceutical and medical technology companies in the EM3 area with notable clusters in Southampton, North Hampshire, Guildford, Farnham and Staines. A detailed presentation of the findings will be given at the Board meeting.

Rural Economy

- 4.5. A presentation of the findings of the Rural Economy study undertaken by the HCC Economics Team was given to the three local authorities (Test Valley, Winchester and East Hants) in May. The report highlighted the significant contribution to the wider EM3 economy with construction, utilities and land-based sectors as important drivers. The share of GVA generated in rural areas in mid Hants is closer to three times the average in rural EM3.
- 4.6. The rural economy in these local authority areas is growing more slowly than equivalent urban locations and has suffered more from post pandemic conditions. They also generally have a workforce with less high-level qualifications and an enterprise base with fewer medium sized and large businesses which impacts overall economic resilience. There is also a limited pipeline of sites suitable for development.
- 4.7. The report highlighted a number of opportunities to boost the rural economy including nature recovery biodiversity net gain initiatives, enhanced investment in digital infrastructure, dedicated business support for rural businesses and making more of land use and connectivity between market towns

Surrey Innovation Working Group

- 4.8. A further meeting of the Group took place to agree some key actions on the draft Joint Surrey Innovation Delivery Plan. The Plan has identified seven key workstreams to take this work forward: Commercial Space, Clusters, Innovation Events and Civic Challenges, SME Innovation Business Support, Finance Solutions, Innovation Districts and Funding Leverage. Discussions focused on identifying a key USP for Surrey ensuring that innovation benefits both the economy and the wider community

5. Skills

- 5.1. The **EM3 Skills Advisory Panel** met on Tuesday 4th April, including an opportunity to hear from the Rural Economy about the skills and recruitment challenges they face. This was positioned using some research conducted in Sussex but very relevant to the EM3 area as well. The next Panel will convene on Friday 9th June and will have a focus on Green Skills, following the publication of a report commissioned by Surrey Chambers of Commerce as part of the **Local Skills Improvement Plan (LSIP)**.
- 5.2. As the **Strategic Development Fund** project draws to a close, the Department for Education have published details of the next iteration of funding – the **Local Skills Improvement Fund (LSIF)**. The LEP has already approached the colleges to explore how they can support in bringing together partners and developing a strong funding bid that aligns with the skills priorities identified in the LSIP report.
- 5.3. The **LSIP report** is due to be published on the Surrey Chambers of Commerce website - <https://www.surrey-chambers.co.uk/future-skills-hub/> - on Wednesday 31 May. The report has been created with input and support from the LEP and will set out the needs of local businesses and the key priorities and actions needed to ensure the local post-16 technical skills system is more responsive.
- 5.4. The LEP is collaborating with Hampshire County Council to put forward a funding bid for some **Skills Bootcamps**. Working with local training providers, these sector-specific Bootcamps will offer free flexible courses of up to 16 weeks to individuals looking to reskill / upskill into new job opportunities in areas of particular skills need for the area such as Digital and Green skills.

6. Careers Hub

- 6.1. A **strategic planning day**, held on May 22, 2023 for the EnterpriseM3 Careers Hub team allowed the team to begin the development of an operational plan for the academic year 2023/24. This plan will involve new strategies which enable the careers hub to be closely linked to the Growth Hub, the current LEP skills strategy, but also with Hampshire County Council's future skills analysis. A further planning session will be held on June 7 to enable the team to further develop the strategies discussed. To enable this, the EnterpriseM3 Careers and Enterprise Hub will meet fortnightly with Jamie Mackay, Skills Manager, Chris Burchell, and members of the Growth Hub.
- 6.2. The **ATE workshop** which considered barriers to Apprenticeship and Technical Education took place at the Village Hotel in Farnborough. EnterpriseM3 Careers Hub were directed by the Careers and Enterprise Company to hold the event on behalf of the Department of Education. We invited 30 stakeholders, ranging from apprentices, apprenticeship providers, training providers, schools, colleges, specialist training providers, Hampshire and Surrey County Councils and colleagues from LSIP.
- 6.3. The EnterpriseM3 **Careers and Enterprise Hub** held its inaugural Steering Group meeting on May 24. Stakeholders from Hampshire County Council, the LSIP, training providers, colleges, schools and members of the EnterpriseM3 LEP board attended. Terms of reference were agreed.
- 6.4. The careers hub team gifted a careers handbook to every school in our region. This attracted publicity on social media and businesses wanting to engage with us, via our Instagram post.
- 6.5. In May, the Careers Hub team **launched a strategic project** to improve performance on Gatsby Benchmark 1. This project has been a success with more than 60 schools and colleges already engaged. Work is continuing to include others. Currently, we have made a £150 contribution to Careers and Enterprise projects within schools or colleges, which will impact on Gatsby benchmarks.
- 6.6. An **awards evening**, organised by the careers and enterprise hub will be held on July 13th at the Apollo Hotel, Basingstoke, to recognise the achievements of careers staff in schools and colleges. We have a range of award categories, which will be given on the night. More details to follow.
- 6.7. **Teacher Encounters**, a project where teachers undertake work experience is underway in our Surrey areas.

7. Latest evidence on the economy and labour market

- 7.1. The Dashboard report for May 2023 highlights some key issues for the EM3 economy. The key points to note are:
 - Evidence shows the EM3 area is highly resilient to economic downturns and can sustain growth over the long term - Enterprise M3 ranked 2nd among all economic areas (LEPs and CAs) in the country according to ONS analysis of economic recovery since the pandemic. The role of knowledge intensive sectors and the area's high skills are significant factors in its resilience.
 - Sickness absence rates have seen a sharp increase on pre-pandemic levels, reaching its highest rates in 13 years. There is no analysis at LEP level, however this increase is likely to be reflected here especially a rise in musculoskeletal problems as a result of many desk bound jobs.
 - Resilience to economic downturns and ability to sustain growth over the long term is what matters – Enterprise M3 ranked 2nd among all economic areas (LEPs and CAs) in the country – the role of knowledge intensive sectors and skills.
 - Analysis of the impact of AI on high-skilled jobs in the EM3 area suggests around 1-in-5 high-skilled jobs in a sample of high skilled sectors (teaching, coding, finance) are potentially at risk from AI. Arguably, a positive outcome is that AI might benefit sectors with persistent skills shortages e.g. health and social care where EM3 has above regional average for job postings and hard-to-fill vacancies (6000+ on line postings/month)

8. Enterprise Zones

- 8.1. Cushman and Wakefield have completed their work on development trajectories for the three EZ sites and these have been shared with key partners for feedback and comment. The Cushman team having agreed the baseline business rates figures, are now in the process of developing their initial Business Rates Income Growth projections and their initial findings will be presented at the next EZ Steering Group on June 15th.

8.2. We are pleased to advise that Daniel Ruiz has agreed to succeed Linda Chueng as Chair of the EZ Steering Group.

9. Communications & Stakeholder Engagement

9.1. To mark the start of the new financial year and convey the message that EM3 is 'getting on with the job' of delivering for our area, we published our Delivery Plan for 23-24, highlighting our six key areas of focus. We shared this on our [website](#), as an email to stakeholders and across our social media channels.

9.2. The spring Growth Hub marketing campaign, which our marketing agency Carswell Gould has supported on, has been running over April and extended into late May to use up all the budgeted online advertising spend. Initial figures suggest that it has been successful at generating business leads. We've also done a separate push for the Peer Network programme offered as part of the Growth Hub.

9.3. Carswell Gould have also been supporting the development of new website pages for the Careers Hub, to communicate our offer more effectively to schools, businesses and parents/students. We are expecting these pages to be live in early June.

9.4. Planning for EM3's Annual Conference 'Celebrating our Innovation Region' has continued and in addition to our keynote speaker (Bernard Donoghue OBE, Director at the Association of Leading Visitor Attractions (ALVA)) we have secured a business panel made up of representatives from our key high potential sectors:

- Ayantika Mitra, Business Strategy Director, TISICS Metal Composite
- Simon Robinson, Founder and owner, Hattingley Valley Wines
- Kam Pooni, CEO, Glyconics Ltd
- Zoe Bowden, Head of Procurement, Surrey Satellite Technology Ltd

9.5. The communication team also began drafting the Annual Report and worked with Carswell Gould to prepare an initial five designed pages (including the front cover) for the Board to review.

9.6. To promote the fantastic innovation in our region that has occurred as a result of the EM3 Funding Escalator the communications team produced a [newsletter](#) highlighting the overall impact of the fund to date and a number of key case studies.

9.7. We also arranged and manned an exhibition presence at the Farnborough Sustainable Skies Summit in April.

9.8. The communications team also produced and shared the following news articles and case studies:

- [EM3 Escalator Funding loan for technology to support businesses reduce their carbon footprint](#)
- [Growth Hub support for thriving coffee shop](#)
- [Growth Hub support communications provider with 5-year business plan](#)
- [Net Zero Aviation Within Grasp](#)
- [Camberley accountancy firm gears up for expansion with EM3 loan](#)
- [EM3 Careers Hub supports schools and colleges with definitive Careers Leader Handbook](#)
- [EM3 supporting Learning at Work week with Innovation South Virtual Campus](#)
- [Mighty plans for Hampshire kombucha microbrewery](#)

10. European Funding

10.1 ERDF funded projects are entering in their final quarter of delivery and going through final summative assessment. For example, for the Emphasis3 project led by the University of Portsmouth, key achievements include:

- 139 energy efficiency audits delivered
- 1,477 tonnes of CO2 savings
- 25 new to market low carbon products supported with an increase of TRL level by an average of 2
- The net economic impact for EMphasis3 is for every £1 invested in delivering the project, £12.64 was generated in the economy

10.2 The majority of ESF funded projects got granted an extension and these will deliver a range of skills support provision until 31st December 2023.

11. Gigabit EM3

11.1. The process of completing the ITT and contract documentation (which were almost ready) has been paused by the Accountable Body pending a clearer statement from Government about their intentions as regards LEPs or until there is an agreed fallback position with local partners to take forward the project in the event of the LEP being wound-up. We are actively working on the development of the latter.

12. Staffing Matters

12.1. Roya Croudace and Andy Swift, have joined the EM3 Growth Hub in the joint full-time role of 'Senior Growth Champion'. Graham Thompson has also been appointed as 'Business Development Manager' and these contracts will run until 31 March 2024

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