



Working for a Smarter Future

**THE ENTERPRISE M3 STRATEGIC ECONOMIC PLAN -
2014-2020**

WORKING FOR A SMARTER FUTURE: THE ENTERPRISE M3 STRATEGIC ECONOMIC PLAN - 2014-2020

This document presents the Strategic Economic Plan (SEP) for Enterprise M3 Local Enterprise Partnership (LEP) to 2020.

Our Strategic Economic Plan (SEP) is a forward-looking plan that will help us address the consequences of growth whilst building on our economic strengths and harnessing the potential in one of the fastest growing economies in the UK in a coherent and coordinated way.

It is based on a bottom-up approach following consultations with the public, private and not-for-profit sectors and builds on our Enterprise M3 Strategy for Growth published in May 2013. It also presents an overarching view of a wider, co-ordinated programme of activities for Enterprise M3. This includes activities being undertaken with a wide range of local partners to refine our European Structural and Investment Fund Strategy (EUSIF), which was submitted to government in January 2014, and activities in relation to the £21.7m invested in infrastructure projects through our Growing Enterprise Fund.

“The Government welcomes the Strategic Economic Plan that Enterprise M3 LEP has published today and looks forward to continued engagement with local civic and business leaders over the next few months on the negotiation of their Growth Deal.”

“The Growth Deal provides a fantastic opportunity for Enterprise M3 LEP to seek freedoms, flexibilities and influence over resources from government, and a share of the Local Growth Fund to put towards their the growth priorities set out in this Strategic Economic Plan. This provides the opportunity to unleash the ambition and creativity of Enterprise M3's local leaders, by devolving resource and responsibility in return for compelling local economic leadership in pursuit of growth.”

The Rt Hon Greg Clark MP, The Minister for Cities

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Foreword

I am pleased to present, on behalf of the Enterprise M3 Board, our Strategic Economic Plan (SEP) and Growth Deal.

Our Enterprise M3 area is critically important to the success of the UK economy. We are proud of the area's strong track record on economic growth and want to build on this success. Our Strategic Economic Plan and Growth Deal provide a compelling rationale as to why Government and others should invest in Enterprise M3 not only to improve the economy for local people, businesses and enterprises but also for the national economy.

Our aim is about facilitating the right environment to create new growth companies, additional jobs and significant new export markets from businesses in the Enterprise M3 area. Our Sci:Tech Corridor is an economic asset of national importance capable of leading the world in areas such as aerospace and space, digital media, 5G, cyber security and pharmaceuticals. The Enterprise M3 area is a global home for world-class sectors, talented people and high performing businesses of all sizes, but we are all aware that this success is being eroded by problems with traffic congestion, labour / skills shortages and insufficient housing that threaten to stall our growth. We need to work together with our partners and stakeholders to unblock these barriers to growth.



The deal we want to strike with government

Our Growth Deal will deliver to Government the accelerated provision of 11,500 new homes, 30,700 new jobs and £757m direct GVA and these are economic successes that impact across the country. These achievements will be delivered through collaboration with partners, especially with businesses and our Local Authority Joint Leaders' Board. Our SEP validates the area's strong economic foothold and the significant potential for future growth. For example, for every £1 Government invests in Enterprise M3, we can bring in £9 of private sector leverage.

But, in order to achieve our aims and to bring this investment into the area, we are seeking funding of £340m from Government from the Local Growth Fund (LGF), to be matched by £392m of local funds, and which will unlock almost £3bn of private sector leverage. This £3.7 billion investment package, combined with the freedoms and flexibilities outlined within our Growth Deal and SEP, will allow us to customise national programmes, and services, unlock housing growth through freeing up regulatory constraints such as those around Suitable Alternative Natural Greenspaces and establish new ways of collaborative working, for example in getting public landowners to come together around a Public Land Board, and through this to drive forward economic growth across Enterprise M3.

A collaborative approach

Since the draft SEP was submitted in December 2013, a significant amount of work has been undertaken by us working closely with our extensive group of partners and businesses to finalise our plan and the priority interventions necessary to secure growth.

We have huge support from our partners from businesses, the public and not-for-profit sectors who support our innovative approach to tackling these challenges. Additionally my board members and I look forward to working alongside government to deliver our ambitious plans and creating a secure platform for growth for the UK economy.

Geoff French
Chair
Enterprise M3 Local Enterprise Partnership

Overview of the Enterprise M3 area

Geography

Enterprise M3 covers
443,700 hectares
 and stretches
75 miles
 through Hampshire
 and Surrey

Demographics

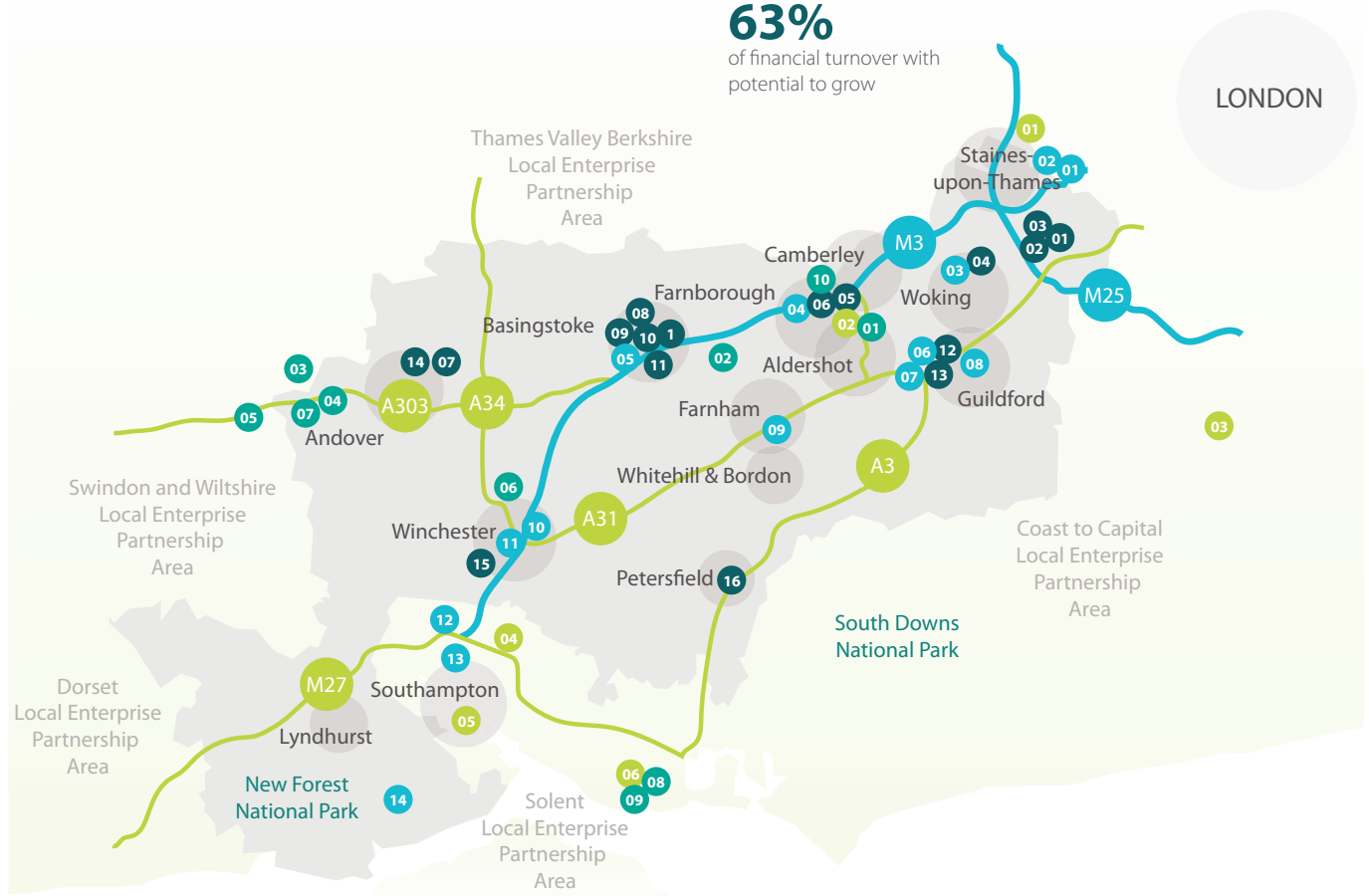
1,644,100
 people live here
429,700 (42.4%)
 qualified to graduate/NVQ
 level 4 (UK average 34.2%)
 the highest % for all LEPs

Job Market

86,500
 businesses in the Enterprise M3 area
22%
 of all businesses in SE England
 Businesses employing
100+
 people account for
63%
 of financial turnover with
 potential to grow

Key Sectors

- ICT and digital media
- Pharmaceuticals
- Aerospace and defence
- Professional and business services



Business*

01. Thales
02. Proctor and Gamble
03. BP
04. McLaren
05. QinetiQ
06. Fluor
07. Vitacress
08. Eli Lilly
09. AXA Wealth
10. Motorola
11. Baker Tilly
12. Surrey Satellite Technology
13. Philips Electronics
14. Stannah
15. IBM
16. Estee Lauder

Transport

- Air**
01. Heathrow
 02. TAG Farnborough
 03. Gatwick
 04. Southampton
- Sea**
05. Southampton
 06. Portsmouth

Education / Innovation

01. Royal Holloway - Uni. of London
02. Brooklands College
03. Pirbright Institute
04. Farnborough College of Tech.
05. Basingstoke College of Tech.
06. University of Surrey
07. Surrey Research Park
08. Guildford College
09. Uni. for the Creative Arts Farnham
10. Sparsholt College
11. University of Winchester
12. Southampton Science Park
13. University of Southampton
14. Brockenhurst College

Defence

01. Aldershot Garrison
02. RAF Odiham
03. Tidworth Garrison
04. British Army Land Forces Headquarters
05. Bulford Garrison
06. Worthy Down Barracks
07. Army Air Corps Middle Wallop
08. The Defence Science and Technology Laboratory
09. HMNB Portsmouth
10. Royal Military Academy Sandhurst

* Small selection of the area's key businesses.

Executive Summary

Our Vision for a Smarter Future

Our vision is for the Enterprise M3 area to be **‘the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life’**. Our local economy has demonstrated considerable resilience and been bolstered by continued and fast paced economic growth over the past 15 years. This provides a solid foundation on which to implement a successful Strategic Economic Plan further exploiting our key assets and overcoming the principal barriers to growth that have been identified.

Our objective is to achieve this vision through a number of clearly thought out and targeted interventions that support several inter-linked elements of our local economy. These comprise of measures to promote: (1) enterprise development and competitiveness; (2) the generation and commercialisation of innovation; (3) the growth of high value industries; and, (4) the development of skills needed by employers.

To accommodate the scale of growth anticipated, these measures require parallel commensurate investment in physical infrastructure and place making. Collectively these investments will ensure we remain a globally competitive area, with strong connectivity and world-class businesses and skills to match. We have taken a distinctively spatial approach to our plan that represents a new way of operating. We believe that this will deliver substantial returns to investment for the Enterprise M3 area and the UK economy as a whole.

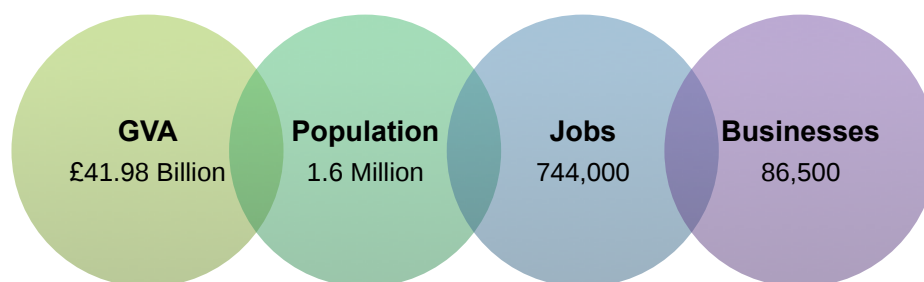
Our Current Position

Enterprise M3 covers mid and north Hampshire and south west Surrey, stretching from the hinterland of London, along the lines of the M3 motorway to the New Forest taking in several towns in Hampshire and Surrey (including Aldershot, Andover, Basingstoke, Camberley, Farnborough, Guildford, Staines-upon-Thames, Whitehill & Bordon and Woking) and the city of Winchester. As well as major urban centres, the area is also has extensive rural towns and villages, two national parks, education and innovation clusters and corporate HQs, military sites and sites of outstanding natural beauty and heritage.

We are known for our exceptional connectivity. The Enterprise M3 area is located at the heart of a transportation hub connecting UK businesses to the rest of the world. In addition to its proximity to Heathrow, Gatwick and Southampton airports, within the area lies Farnborough Airport - one of Europe’s premier business aviation airports. Road and rail connections include stretches of the M25 and much of the M3 and A3, as well as 75 railway stations.

We are a significant economy in our own right. The area is home to around 100,000 SMEs (86,500 registered businesses) as well as global businesses such as AXA Wealth, Motorola and BP. Our location offers fertile ground for new and existing businesses whilst acting as a key workforce artery to London’s economy. Quality of life is high and the area is packed with country parks, heritage sites and visitors attractions with easy access to both major urban areas and the countryside.

The Enterprise M3 Economy Today



Source: ONS, 2012

As noted in the opening remarks we are a remarkably resilient economy and tend to ‘buck the trend’ in the creation of new jobs; the baseline analysis shows that we perform very well against our peers. For instance, Enterprise M3 is ranked 2nd out of 39 LEPs in terms of the local business base and characterised by businesses in growth sectors, that are export led and with high business survival rates. Our continuing success is therefore very important for the rest of the country.

We have world-class sectors in ICT and digital media, pharmaceuticals, aerospace and defence and professional and business services. These are supported by a bedrock of knowledge-based businesses, traditional and high value manufacturing and services, and world-class higher-level skills. However, we need to continually develop and improve in order to retain our competitive advantage continuously exploiting opportunities. There are many barriers that prevent businesses, people and communities in the Enterprise M3 area benefiting from the dynamism of the regional economy. For example:

- There is significant variation in the performance of our towns and growing extremes between the more and less affluent parts of our towns and locality. On the one hand, four of our key towns in Enterprise M3 area – Basingstoke, Farnborough, Guildford and Woking, are currently among the best 100 performing localities in the UK. On the other hand, other key towns like Aldershot, Andover, Camberley, Whitehill & Bordon and Staines-upon-Thames only a few miles away from the towns above face significant challenges. Indeed, a Barriers to Growth survey, undertaken on behalf of Enterprise M3 by Hampshire Economic Partnership in 2011, identified an urgent requirement for significant investment in the road, rail and air-transport related infrastructure to help link these and the most prosperous towns. Furthermore, the vibrancy of these places will need to be improved through regenerating the town centres.
- Our trade position also needs to be improved and therefore access to and from international markets needs to be built up. We need to capitalise more on existing assets such as our proximity to London's airports. These could provide access to international markets for existing companies and continue to attract inward investment into the region. We recognise that in order to respond on time to emerging demand for additional space, we will need to make provision for potential sites for major investors.
- Enterprise M3 has a relatively tight employment market combined with a growing demand for higher level and STEM skills, along with an ageing population, high levels of out-commuting and low graduate retention levels.

- These labour market issues are accentuated by a shortage of housing, particularly affordable housing, and an affordability gap. This means that the Enterprise M3 area cannot offer appropriate housing to workers needed to support growth and are unable to compete effectively with the draw of London. Through the National Planning Policy Framework (NPPF) led local development plans we are supporting sustainable economic development and the creation of more balanced communities and trying to stem the relentless growth in congestion through a series of focused sustainable transport measures.
- Hampshire and Surrey already have more than over 1 million homes and business enabled for Superfast Broadband. Surrey County Council has an ambition to connect almost all homes and businesses by the end of 2014, with Hampshire County Council aiming for 95 by 2016/17. It is important we build on the current superfast broadband investment to enhance the competitiveness of rural areas. In parts of the rural economy slow or absent broadband and mobile phone signal is a major inhibitor to growth.

Working towards a Smarter Future

The following interventions have been assembled into integrated Growth Packages that offer targeted solutions at three broad spatial levels:

- a. Level 1:** Interventions forming bespoke and integrated Growth Packages around our **Growth Towns and Step-up Towns** with their rural counterparts have the collective economic scale of a high performing City Region. They comprise of the following:
 - The **Growth Towns** of Basingstoke, Guildford, Farnborough and Woking. The towns deliver one third of the jobs and GVA in the Enterprise M3 area and it is estimated that between 2014 and 2019, these towns will experience a total GVA increase of approximately 14% compared with 13% forecasted for the Enterprise M3 as a whole and 11% for the UK in the same period. Ensuring their continued success is fundamental to the success of the whole area and the UK economy as a whole. Growth packages for the key Growth Towns include projects around congestion and housing and specific infrastructural investments to further grow the business visitor economy and access to superfast broadband.
 - The **Step-up Towns** of Camberley, Aldershot, Andover, Whitehill & Bordon and Staines-upon-Thames. These are areas of latent economic potential, which currently experience barriers to growth that impacts upon the overall performance of the Enterprise M3 area. Our Step-up Towns' Growth Packages include a series of catalytic transport and infrastructure measures to alleviate congestion and enhance capacity, town centre renewal to promote inward investment, skills centres of excellence and interventions to unlock housing sites.
- b. Level 2:** The whole of **Enterprise M3 area - as the primary Sci:Tech Corridor in the UK**, an economic asset of national importance and a global leader in a range of sectors and activities, capitalising on our industrial strengths and the world-class research. Innovation activities include investment in a 5G Arrow Project, research and development investment and incubation and spin-outs. Across the area we are also proposing a radical reshaping of growth support to businesses; this will draw in and co-ordinate all SME business support, along with a focus on high level skills, within a Growth Hub. Furthermore, we will support the development of our strategic

housing sites to accelerate the delivery of new homes. These sites have planning consent and the potential to deliver nearly 25,000 new homes. We will also invest in science skills and skills capital infrastructure that supports our sectoral priorities.

The **Rural Economy** also plays a significant role at this level. A significant part of the Enterprise M3 area is rural. The outstanding landscapes within the area are recognised in the New Forest and South Downs national parks, which cover a quarter (26%) of the area. The visitor economy is a strong driver of local economic growth and supports directly 8% of all employment. However, we have developed a series of measures to exploit the potential of the rural economy and we are currently in discussion with rural partners around the investment of £4.5m European Agricultural Fund for Rural Development (EAFRD) funding into the rural economy from 2014-2021, with particular focus around the development of a Rural Business Network.

- c. **Level 3 Interventions: The intersection of the Sci:Tech Corridor and surrounding areas covered by other LEPs.** These include M3 Junction 9 and the Guildford A3 Strategic Corridor improvements. Network Rail and the Highways Agency investment in these schemes will be vital in providing the underpinning infrastructure which will allow the LEP to deliver on its targets, particularly around housing. Within our Growth Deal, we have also outlined the need for a new partnership with Network Rail and the Highways Agency to ensure locally focused long-term planning around the delivery of these schemes.

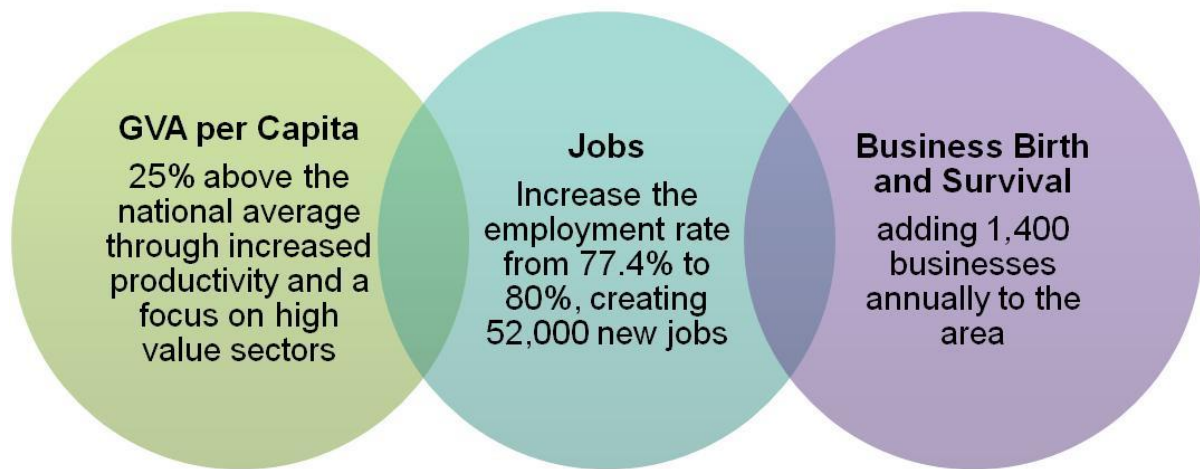
Collectively, these spatial measures aim to create:

- **An economically competitive area driven by innovation in science and technology business**
- **A region of complementary Growth Towns combined with a vibrant rural economy – with the collective economic significance of a City Region**
- **A region supported by strong infrastructure offering unparalleled accessibility, attractive to national and international businesses and**
- **An exceptionally attractive place to live and work for all.**

Furthermore, this approach will ensure that by 2020, we will enjoy:

- GVA per capita at 25% ahead of the national average (compared to the current 18%). This will ensure that we remain ahead of the top performing economic areas in the UK outside London such as Cambridge and Swindon and become one of the top preferred business hubs in Europe for conducting businesses globally such as the European cities of Frankfurt, Milan, Stockholm and Zurich.
- The creation of 52,000 new jobs, one in five of which will be in R&D and high value added industries.
- Increased entrepreneurial activity with 1,400 businesses created per annum.

The Enterprise M3 Economy in 2020



Source: Enterprise M3 Strategy for Growth

Delivery and Governance

The Delivery Plan submitted alongside this document sets out in detail how Enterprise M3 will use £340m Local Growth Fund money alongside £392m of local funding to help deliver the vision and aims set out in the Growth Deal and Strategic Economic Plan.

It also provides further detail around the area's significant track record of delivery, the Enterprise M3 Board, Joint Leaders Board, Action Groups, Local Transport Body, Programme Management Group and other governance and delivery mechanisms, the approach we have taken to project development, programme management and the identification of projects.

Alongside this, the delivery plan provides a full financial breakdown of our Growth Packages for our Growth Towns and Step-up Towns, alongside the area-wide interventions into which we also intend to invest. In addition, a breakdown of our 2015/16 spend by thematic area is also provided alongside information of the impact that these interventions will have on the economy.

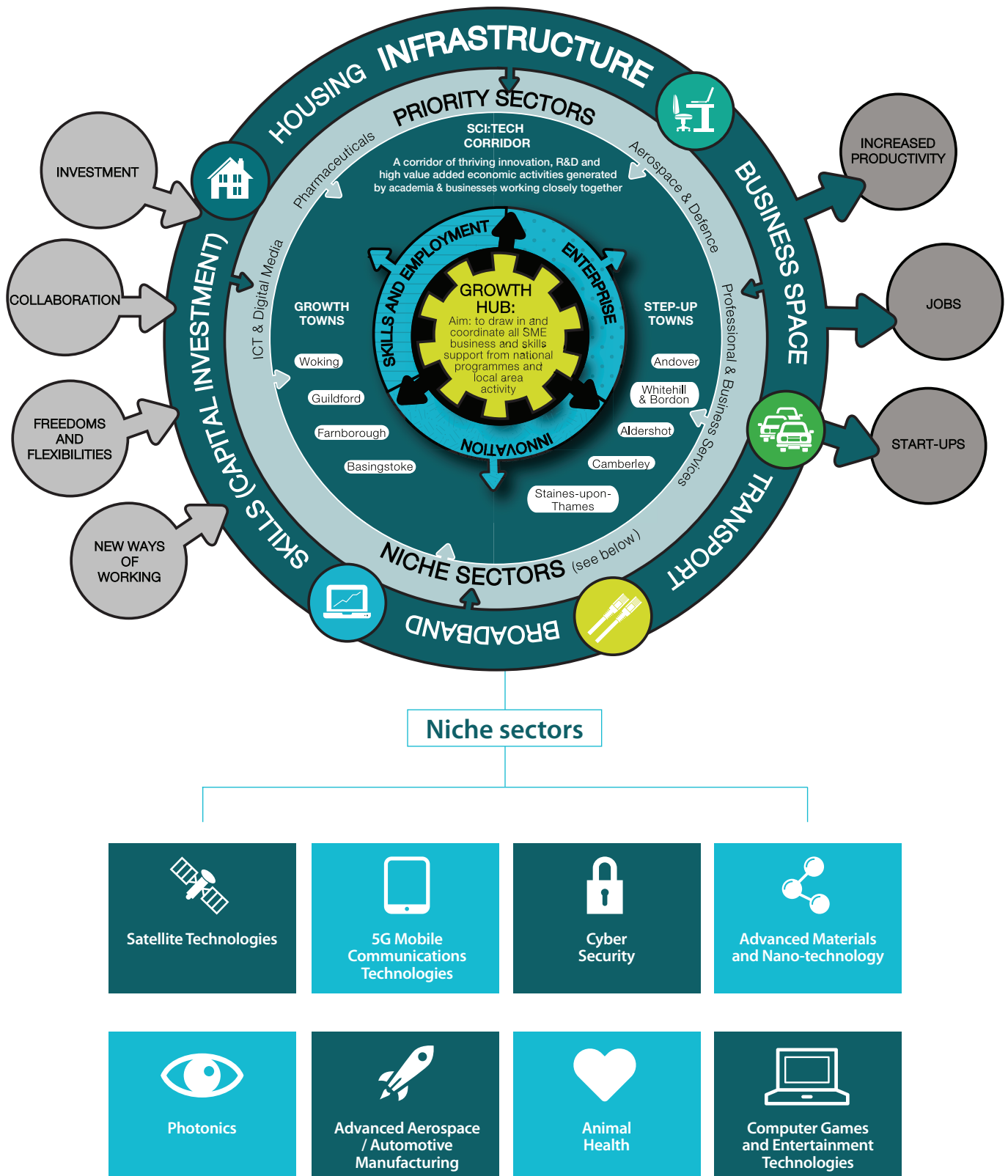
Reviewing the Strategic Economic Plan

The Strategic Economic Plan is a living document and we look forward to entering formal negotiations with Government around our Growth Deal. In order to ensure the Strategic Economic Plan remains responsive to changes in the economy and to ensure our interventions are effective in their impact on the economy, we will be reviewing this plan on an annual basis. This review will be based upon:

- a review of contracted delivery activity

- an updated socio- economic analysis
- newly identified local growth priorities
- changes/shifts in national priorities for growth; and
- the progress made towards the vision for the Enterprise M3 area

The Enterprise M3 Strategy for Growth



1. Our Current Position

Socio-economic overview

- 1.1. The Enterprise M3 area covers approximately 4,400 km² and stretches 75 miles from the hinterland of London, along the lines of the M3 motorway to the New Forest and south coast taking in several towns in Hampshire and Surrey including Aldershot, Andover, Basingstoke, Camberley, Farnborough, Guildford, Staines-upon-Thames, Whitehill & Bordon and Woking, and the city of Winchester. To the north and neighbouring London and the M25, the economy has strong links to London and the Thames Valley and includes a large number of international headquarters and technology-based businesses. And to the south a predominantly rural economy includes significant town centres, such as Andover, Petersfield and Farnham, but with a stronger emphasis on environment assets and tourism and leisure industries. The outstanding landscapes of the area are recognised in the New Forest and South Downs national parks, which cover just over a quarter (26%) of the LEP area.
- 1.2. Enterprise M3, therefore, brings together localities within the following local authority district areas in Hampshire and Surrey:
 - Basingstoke and Deane Borough Council
 - East Hampshire District Council
 - Elmbridge Borough Council
 - Guildford Borough Council
 - Hart District Council
 - New Forest District Council
 - Runnymede Borough Council
 - Rushmoor Borough Council
 - Spelthorne Borough Council
 - Surrey Heath Borough Council
 - Test Valley Borough Council
 - Waverley Borough Council
 - Winchester City Council
 - Woking Borough Council
- 1.3. The mix of urban, peri-urban and rural areas is reflected in the population density, which in our area is less than that of the country as a whole as shown in Figure 1.1.

Figure 1.1: Population in the Enterprise M3 area

	Enterprise M3	England
Population (2011)	1,633,900	53,107,200
Population density (people/hectare)	3.7	4.1

- 1.4 The Enterprise M3 area adjoins the following LEP areas:
 - Coast to Capital
 - Dorset
 - London
 - Solent
 - Swindon & Wiltshire
 - Thames Valley Berkshire

- 1.5 Key economic, social and spatial facts and figures for the area are summarised in Figure 1.2. A full economic profile of the Enterprise M3 area is provided in **Annex A**, providing an in-depth report on the economic strengths and weaknesses of the area, which underpin our interventions to promote growth.

Figure 1.2: Enterprise M3 Facts and Figures

Economy	£41.98 billion GVA (2012). 3rd highest GVA per capita nationally (LEP comparisons) and 37% above the OECD average but outside the top 50 performing regions in the OECD (ranked 51st). Productivity is high: GVA per FTE equivalent in 2011 stood at £94,800 compared with £58,200 in England.
Sectors	Relatively high concentration of knowledge-based industries and exceptional innovation ecosystem supported by global research capabilities. Four of the top ten technology clusters in the country are located in Enterprise M3 area, supported by four universities in the Enterprise M3 area (Surrey, Royal Holloway, Winchester and the University for the Creative Arts), with the Universities of Reading and Southampton located close by. The Defence sector also has a significant position in the economic character of the area as well as influence on the physical character of some towns. The Visitor Economy – business and tourists, represent an important sector for the area's economy due to its local attractions, beauty spots and natural capital.
Enterprises	Enterprise M3 has a far higher number of businesses per 1,000 population than England. The area is a fertile ground for business growth with the 5-year survival rate of newly created businesses higher in this area than in England as a whole. There is also considerable availability of space for different types of commercial business and considerable clustering of offices. Approximately one in three businesses in Enterprise M3 area are located in a rural area. Enterprise M3 has the 7th highest number of rural business units in England (out of 39 LEPs).
Labour Market and Skills	Enterprise M3 area has consistently experienced higher levels of employment than England including during the recession period, and is one of the key workforce arteries supporting the London economy. The area has a higher proportion of residents in the higher occupations than the national average. Nevertheless, shortage of higher-level skills is reported as a barrier to growth by many businesses.
Housing	Across the Enterprise M3 area there is an acute shortage of housing, of all types and tenures, that is affordable and also of a high quality, with a particular shortage of two and three bed family housing. At the same time, housing is also relatively expensive.
Transport	The Enterprise M3 area is known for its exceptional connectivity. Nonetheless, congestion is a significant concern for businesses. The high dependency on cars coupled with the long travels to work is resulting in high levels of energy consumption and carbon emissions. At the same time, rail connections are in need of further capacity

	enhancements. There is poor direct access to airports from several areas, with passengers forced to build in long journey times because of congestion and infrequent public transport.
Quality of Life	Enterprise M3 is ranked 8 th out of 48 sub-regions on Local Futures' quality of life score, placing it in the top 20% of sub-regions in England based on the low levels of crime, high levels of good health, the quality of local schools, access to amenities and access to an attractive natural environment. The local authorities of Enterprise M3 illustrate low levels of deprivation by being among the 100 areas in the UK with the least deprivation.

- 1.6 The area's strengths offer exceptional opportunities to further strengthen a successful local economy and make a significant contribution to UK growth.

Our Strengths...

- *Enterprise M3 is one of the strongest and most resilient local economies in the country. Certain broad sectors of the economy such as information & communications, pharmaceuticals, and distribution withstood the recession well supporting our recovery bolstered by a bedrock of knowledge-based businesses, traditional and high value manufacturing and services, and world-class higher-level skills.*
- *The area is home to around 100,000 SMEs but also global businesses such as AXA Wealth, Motorola and BP. It is a location that offers success and opportunities for growth to newly created businesses, whilst acting as a key workforce artery to London's economy.*
- *A strong visitor economy showing signs of growth that would further support business growth in particular in our more rural areas. This is coupled by relatively high incomes and spending power that could help bolster future business growth.*
- *The Enterprise M3 area sits at the heart of a transportation hub that connects businesses in the UK and to the rest of the world. In addition to proximity to Heathrow, Gatwick and Southampton airports, within the area lies Farnborough Airport - one of Europe's premier business aviation airports. Road and rail connections include stretches of the M25 and much of the M3 along with the A3 and 75 railway stations.*
- *This is a balanced economy with an excellent environment and a high quality of life. The area is packed with country parks, heritage sites and visitor attractions with easy access to both major urban areas and the countryside.*

- 1.7 However, the Enterprise M3 area faces some significant challenges that will need to be addressed so that the local economy maintains its strong position.

Challenges...

- *Our position will deteriorate in the global competitive race unless we further capitalise on our innovative edge, scaling up and maximising the potential of our priority sectors. We are confident that our focus on innovation infrastructure and productivity driven growth will also make a significant contribution to reducing the productivity gap between the UK and most G7 economies. Exporting activity is also currently relatively low for the South East and in recent years the growth in exports has been sluggish although recently it has been improving. The aim is to increase the proportion of firms involved in exporting and the overall value of exports.*
- *Some of our towns are becoming increasingly congested and suffer from poor accessibility, with town centres in need of redevelopment.*
- *Our urban centres are threatened to become residential support for London/dormant economic hubs, hence also weakening our rural areas.*
- *Higher than average skills gaps in key sectors could constrain economic growth if they are not addressed.*
- *High house prices and poor availability may reduce the mobility of our workforce and constrain economic growth, along with our social capital. For example, in migration of high skilled and wealthy London commuters and retirees is putting immense pressure on housing availability and prices/rents and is often driving locals out of places such as Guildford.*
- *Improved connectivity to Heathrow by rail would help reduce airport related traffic on the strategic road network, improve journey time reliability for airport users and offer a viable and sustainable alternative to the car.*
- *Striking a balance between providing new housing and protecting Areas of Outstanding Natural Beauty, Special Protection Areas and large areas of Green Belt (accounts for 73% of Surrey's total area). There has certainly been local resistance to development, especially in rural areas.*
- *The scale and pace of economic growth depends on infrastructure capacity that can almost immediately meet the emerging requirements of high technology companies and their workforces. Continued investment in strategic transport investment within and around the area is vital to ensure we develop this capacity and retain our connectivity to national and international hubs of economic activity.*

Our Approach to Growth

1.8 Our vision is for the Enterprise M3 area to be:

‘the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life’.

1.9 This vision will be achieved by investing smartly and wisely to overcome challenges we are facing whilst capitalising on our exceptional strengths and opportunities. Our Strategic Economic Plan is based on a number of robust investments that are described in more detail in the next section and support enterprise development and competitiveness, generation and commercialisation of innovation and the growth of high value industries, and the development of skills needed by employers to increase both employability and employment. Investment in appropriate infrastructure including

physical place making infrastructure and growth support mechanisms will ensure accelerated delivery of these objectives.

- 1.10 The SEP will be therefore delivered through a series of multiple interlocking interventions around **enterprise, innovation and sector interventions, skills development, housing, transport and the visitor economy**. This approach is fully endorsed by our key stakeholders and businesses as shown by the statement below:

“BP’s International Centre for Business & Technology (ICBT) is located in Sunbury-on-Thames within the Enterprise M3 area. By the end of this year we will have c. 7,000 staff located across the two sites and as one of BP’s key global hubs, we host thousands of visitors a year from across the globe. The economic and social success of the Enterprise M3 area is important to us, as it is an area with great economic assets and supports business investment essential to the growth of the UK economy. However, to remain a world-leading business location and to further capitalise on its strengths, the area must have well-targeted investment in essential transport and other infrastructure, housing supply, skills development and support for enterprise and innovation. We are pleased that Enterprise M3 share these priorities and welcome their highly collaborative approach across all sectors including genuine engagement with the private sector. We remain supportive of their commitment to developing robust and fresh approaches to delivering the investment required for our area to realise its potential.”

Mikhael Newman – ICBT Reputation Director at BP plc

- 1.11 These interventions have been put together in Growth Packages that offer targeted solutions at three broad spatial levels:

- a. **Level 1:** Interventions forming truly place-based, bespoke Growth Packages surrounding our individual **Growth Towns and Step-up Towns**.

The **Growth Towns** of Basingstoke, Guildford, Farnborough and Woking deliver one third of the jobs and GVA in the Enterprise M3 area and it is estimated that between 2014 and 2019, these towns will experience a total GVA increase of approximately 14% compared with 13% forecasted for the Enterprise M3 as a whole and 11% for the UK in the same period. Packages for these towns bring together projects around congestion and housing and specific infrastructural investments that promote further growth and bring in new businesses whilst maintaining a high quality of life. Investments in transport infrastructure within key destinations are proposed to reduce congestion during peak times, open up opportunities for investment and enable residents to make choices about how they make their journeys.

Our **Step-up Towns** of Camberley, Aldershot, Andover, Whitehill & Bordon and Staines-upon-Thames are areas of latent economic potential, which currently experience barriers to growth that impacts upon the overall performance of the Enterprise M3 area. These towns are currently not realising their full economic

potential when compared to areas in their immediate vicinity and where local economies could be transformed with some concerted and highly focused interventions. The emphasis is therefore on discrete targeted interventions that will improve the prospects of these towns by:

- Creating vibrant and sustainable new communities alongside town centre improvements to encourage further investment within these areas;
- ‘Stepping-up’ connectivity both to strategic transport nodes and to other areas within the Enterprise M3 area, as well as creating the conditions for sustainable growth; and,
- ‘Stepping-up’ their workforce skills and employability prospects. For example, within the Step-up Towns we have noted that unless the transport system is capable of growing and advancing at the same rate as the population and business base, congestion will become increasingly incapacitating, reducing economic productivity and deteriorating our quality of place.

Our Step-up Towns’ Growth Packages therefore include a series of catalytic transport and infrastructure measures to alleviate congestion and enhance capacity, town centre renewal to promote inward investment, skills centres of excellence and interventions to unlock housing sites.

- b. Level 2:** These interventions work across the area to promote **the Sci:Tech Corridor and rural economy** as a whole rather than focussing around specific spatial priorities. These interventions include our 5G Arrow Project, our Growth Hub, our sustainable transport and network resilience programmes and skills programmes picking up on a specifically identified need such as the University Technical College in Surrey, the Hampshire Centre for the Demonstration of Environmental Technologies and Brockenhurst College, which serves both the Enterprise M3 and Solent LEP areas. These interventions address the need to ensure connectivity between our key places and to ensure that our Growth Packages do not become silos of activity. Our Level 2 interventions seek to further develop the whole of **Enterprise**
- c. M3 area as the primary Sci:Tech Corridor in the UK,** an economic asset of national importance and a global leader in a range of sectors and activities, capitalising on our industrial strengths and the world-class research. Furthermore, we will support the development of our strategic housing sites to accelerate the delivery of new homes. These sites have planning consent and the potential to deliver nearly 25,000 new homes. We will also invest in science skills and skills capital infrastructure that supports our sectoral priorities. This will be aligned with the spending on enterprise, innovation, low carbon, skills, employment and social inclusion planned through our EU structural funding programme.

The **Rural Economy**. A significant part of the Enterprise M3 area is rural. The outstanding landscapes within the area are recognised in the New Forest and South Downs national parks, which cover a quarter (26%) of the area. The visitor economy is a strong driver of local economic growth and supports directly 8% of all employment. However, although Enterprise M3 is doing better economically in comparison with England as a whole, the rural towns and their fringe areas including villages and hamlets are more likely than their urban counterparts to have no adult in employment. We have planned a number of measures to enhance the competitiveness of rural businesses.

- d. Level 3 interventions.** These are of strategic importance and will serve the Sci:Tech Corridor and also surrounding areas covered by other LEPs. These include M3 Junction 9 and the Guildford A3 Strategic Corridor improvements, along with improvements to the North Downs Line. We do not ask for LGF to support the delivery of these schemes, as they will be delivered by Network Rail and the Highways Agency. With our partners, we are in active discussion with these agencies to commit to the development of these schemes and to bring their delivery forward within their future plans. Investment in these schemes will be vital in providing the underpinning infrastructure that will allow the LEP to deliver on its targets, particularly around housing. Within our Growth Deal, we have also outlined the need for a new partnership with Network Rail and the Highways Agency to ensure locally focused long term planning around the delivery of these schemes.

Our Level 3 strategic Cross-LEP Infrastructure Schemes are set out in Figure 1.3 below:

Figure 1.3: Strategic Cross-LEP Infrastructure Schemes

Strategic Cross-LEP Infrastructure Schemes	Summary of Benefits
Guildford A3 Strategic Corridor Improvements	The A3 is a vitally important strategic route as it passes through the heart of the Enterprise M3 area and it is the principal vehicular connection between London and Portsmouth. The aim of the project is to improve the operation of the A3, providing increased capacity and improvements to key junctions, improving journey times and reliability.
M3 Junction 9 Improvements	Major infrastructure improvements at the M3 junction 9 to assist the strategic movements and effective management of traffic in this area. A focus will be on the provision of free-flow links between the A34 and junction 9.
A3/M25 Junction to Wisley Interchange	Scheme to improve the junction of A3 with the M25 easing the vehicular movements. Any delays, particularly during peak times, will be reduced along with journey times and accident rates.
A31 Ringwood Junction with A338	The economic benefits of this scheme are significant and a high benefit cost ratio has been calculated. The scheme provides for better and more reliable journey times on the A31 Strategic Routes, including between the growth areas within the Enterprise M3 and Dorset LEPs.
Southern Rail Access to Heathrow	The proximity of Heathrow Airport to the Enterprise M3 area, is instrumental to ongoing economic prosperity in the area. The need for a fast, efficient and reliable rail link to Heathrow Airport, has been highlighted as a priority in both business surveys and economic analysis. Network Rail has set up a new study into southern rail access to Heathrow, which the LEP is inputting to.
Electrification of North Downs Railway Line	Major improvement programme including electrification, modernised rolling stock, frequency improvements and train lengthening. These would address overcrowding on the line, improve integration with the rest of network and boost

	economic growth in hubs along the route, especially Guildford.
Woking Junction Rail Flyover - grade separation	This major infrastructure project would increase capacity on the South West Main Line and improve operational performance at Woking. It will support economic growth by allowing more frequent and faster services from destinations along the South West Main Line and address a key pinch point on the rail network.
Existing and New Guildford Railway Stations	Employment centres such as the Royal County Hospital, Surrey University, Merrow Business Park, Surrey Research Park and Surrey Sports Park and a number of businesses in the vicinity of Merrow Lane would be directly accessed by rail through new rail halts at Merrow and Park Barn. These interventions will improve accessibility to employment, improve communication to retain and attract new businesses to Guildford.
South West Main Line Capacity Improvements (inc Crossrail 2) -	This scheme is fundamental to ensuring rail plays a full part in the economic growth of the area. When other pieces of infrastructure, such as the Woking Flyover and Crossrail 2 are delivered, there will be an opportunity for more frequent and faster services along the line and make key economic hubs along the route even more attractive places to do business.
A3 Strategic Package - NE Guildford	The A3 trunk road in north east Guildford currently suffers high levels of congestion. A comprehensive improvement package of improvements and interventions is needed to address this. It could also serve a potential strategic mixed use urban expansion of the town of Guildford, if the site were to be identified through the Local Plan process and if planning permission were granted. The scheme is in addition to the larger scale A3 improvements and includes interchange improvements, bus priority measures and pedestrian and cycle measures.
River Thames Scheme - Datchet to Teddington	The River Thames Scheme would reduce flood risk in communities near Heathrow, the UK's largest employment site, including Datchet, Wraysbury, Egham, Staines, Chertsey and Shepperton. The Scheme consists of large scale engineering work to construct a flood channel as well as improvements to three of the Thames weirs, provision of local flood protection for up 1,500 individual properties and improved flood incident response plans. The flood channel will be between 30 and 60 metres wide and 17 kilometres long (built in 3 sections).

1.12 This spatial focus of our SEP aims to create:

- **Co-ordinated interventions required to drive growth within our Growth Towns and Step-up Towns**
- **A connected sub region, acting as the Sci:Tech Corridor for the UK economy**
- **An economically strong area driven by innovation**
- **A sub-region of complementary centres combined with a vibrant rural economy – with the collective economic significance of a high performing City Region**
- **A region with unparalleled accessibility, attractive to national and international businesses**
- **An attractive place to live and work for all**

1.13 The Enterprise M3 strategic considerations underpinning our approach. Our position is described below:

- With its business, research, locational and connectivity strengths, we believe the Sci:Tech Corridor is an economic asset of national importance with the ability to compete successfully with the best performing economic areas worldwide. We have developed well-targeted and integrated investment to exploit the area's strengths; this will pay a disproportionately high dividend to the national economy and contribute to closing the competitiveness gap with the area's EU competitors. The interventions will be led by business and address the barriers to growth stimulating and accelerating business investment that is closely aligned, to the sector priorities in the Government's Industrial Strategy¹.
- The long-term expansion plans of Heathrow and Gatwick are important to us. The interim report from the Davies Commission on Airport Capacity (December 2013) is welcomed by us. We will continue to play an active role in ongoing consultations and have made a series of public statements of business support for Heathrow Airport. The LEP along with four other organisations from the area known as the "the Western Edge", recently produced the London Heathrow Economic Impact Study (2013), which revealed how an extra 35,000 jobs could be created by 2040 if Heathrow expanded and that the region would see an annual GVA boost of £3 billion as a result of the extra activity.
- The LEP believes that surface access to Heathrow airport by public transport modes needs to be improved from the west and south west to help encourage the use of public transport to access the airport from these directions. We support the Western Rail Access to Heathrow project, as this has the potential to improve rail access to Heathrow from north Hampshire, via interchange at Reading. This chimes with the recent National Infrastructure Plan, which is taking forward measures proposed by the Airports Commission by introducing a package of surface access improvements and setting up a new study into southern rail access to Heathrow. This should further enhance the connectivity of Enterprise M3 businesses to Heathrow in the medium term and one of our key asks.

¹ www.gov.uk/government/policies/using-industrial-strategy-to-help-the-uk-economy-and-business-compete-and-grow

- Another priority for the LEP is to ensure that our County Council partners and the Highways Agency effectively manage and maximise the capacity and efficiency of the existing road network, and hence improve journey time reliability. More predictable road journey times will benefit the economy of both the LEP and the country. Securing resources for provision of extra highway capacity at congestion pinch points will help improve connectivity between our main economic centres.
- We also believe our housing market is not functioning well. This is a strong message received from our stakeholders, in particular the business community, regarding the importance of housing that is affordable for the local workforce (Strategy for Growth consultation tracker). As we set out in our draft Strategic Economic Plan, Enterprise M3 has recently undertaken a study into housing across the LEP area. This study has brought together information from across our 14 local Planning Authorities and provided a detailed understanding of affordability, supply and major sites across the area. Enterprise M3 recognises the importance of working with both the public and private sectors to accelerate delivery in the short term and structure delivery in the longer term. Our approach is to seek funding to accelerate the delivery of our major sites (**see Figure 1.43 in Annex A**) through Local Infrastructure Fund, Local Growth Fund, Public Works Loan Board Funding and other opportunities whilst also engaging closely with planning authorities on the development of their Local Plans. In recent months, Enterprise M3's private sector-led Land and Property Group has been working with those authorities who are developing their Local Plans to ensure that market-based intelligence informs the evidence base for these plans. In the coming months, we hope to extend this engagement with the public and private sectors, and the Chair of the Enterprise M3 Housing Action Group will lead this activity. We will be able to update on the progress of these conversations as part of our Growth Deal negotiation.
- The LEP also recognises that rural housing solutions, which are affordable, will also need to be part of the solution to our housing offer, as our rural communities would also face particular issues including:
 - Extreme shortage of rural housing at this end of the market, driving young people to urban areas, and a resultant loss of services.
 - A lack proper insulation in older rural housing causing some fuel poverty especially for older residents.
 - Limited access to high-speed broadband and mobile internet, which limits the opportunities for home working and places more strain on the already congested road network.
 - Tension between the need to respect and enhance the high quality natural environment whilst providing additional housing options, which are affordable for residents.

1.14 We recognise that in times of severe weather, many parts of the LEP area can be seriously affected by flooding. This is particularly the case for those developed areas along the rivers Thames, Wey and Blackwater. The impacts of flooding are felt by home-owners, businesses and the wider economy. In addition, the strategic transport network, power, water and sewage infrastructure are also at risk of disruption from flooding. The LEP is committed to working with partners, including the Environment Agency in managing, and where possible alleviating these risks. This may include

support for flood alleviation schemes, such as the River Thames Scheme – Teddington to Datchet. We wish to work with neighbouring LEPs on schemes that address flood alleviation and defence measures to ensure that those water courses that feed into main channels, and which run through other sub regions, are tackled in a cohesive way. The recent floods highlighted the issues but GTV6 LEPs have yet to start this work and revenue funding will therefore be sought through the LGF in order to help identify sustainable solutions to flooding. There is also a need to ensure the wider resilience of our transport network against flooding.

- 1.15 A wide range of initiatives are already in place to address a number of the issues highlighted above. The SEP aims to provide a coherent and co-ordinated approach to our growth ambitions, bring funding sources together and guide the accelerated the delivery of strategic investments.

2. Interventions for Growth

- 2.1 This section describes the broad investment priorities and interventions that will drive the long-term and sustainable growth of our area. The following paragraphs set out the rationale behind the interventions we propose to pursue to drive economic growth within the Enterprise M3 area. They are based on analysis of a wealth of evidence, on which we have continued to build and which is set out within **Annex A**.
- 2.2 In line with our Strategy for Growth and EU Structural and Investment Fund Strategies, we have presented our interventions under the following themes:
- **Innovation and Enterprise**
 - **Skills**
 - **Housing**
 - **Transport and Infrastructure**
 - **Visitor Economy and Major Events**
- 2.3 This section also provides an overview of our proposed **Growth Packages** based on the spatial focus of our proposed approach to deliver our SEP to 2020. Growth Packages combine projects for each of these places across the traditional themes described above i.e. housing, transport, innovation and enterprise and skills. This is a new way of operating which we expect to yield results greater than the sum of its parts and will be complemented by our projects and 'asks' for the Sci:Tech corridor as set out in Section 4.
- 2.4 The process by which we have determined the interventions needed to address the challenges and capitalise on the opportunities provided by this area is set out within the introduction to **our Delivery Plan**. The Delivery Plan also provides intervention templates for each of our major proposed interventions, as well as detailed templates setting out how these interventions have been brought together to create place-based Growth Packages for our Growth Towns and Step-up Towns.

Innovation and Enterprise

- 2.5 Through our Innovation and Enterprise activities, we aim to support the creation of 200 new high growth companies, 8,000 additional jobs and £2bn of new export markets from businesses in the Enterprise M3 area.
- 2.6 These interventions represent well-targeted and integrated investments to exploit the area's strengths that will pay a disproportionately high dividend to the national economy and contribute to closing the GVA gap with the area's EU competitors. Enterprise M3's plan is to work with business to create more wealth from R&D and inspire more companies to invest in R&D so that the area closes the R&D investment gap with its European competitors. This is inspired by successful models from overseas, such as CONNECT² in San Diego.
- 2.7 A lot of high profile innovation and enterprise activities are already taking place within the area. For example, Woking Borough Council's support for The McLaren Applied Technology Centre will influence the growth of an advanced engineering cluster in the

² <http://connect.org>

area. The new centre will comprise of about 60,000 metres² of workshops, prototype manufacturing and testing space, research and development equipment and offices.³ To complement all these activities, a significant proportion of the investment will be into **our priority sectors and a set of niche technologies and specialisms** as follows:

- ICT and digital media;
- Pharmaceuticals;
- Aerospace and defence;
- Professional and business services;⁴
- 5 G Telecoms;
- Satellite technologies;
- Cyber security;
- Advanced materials and nano-technology;
- Photonics;
- Advanced aerospace/ automotive manufacturing;
- Animal health; and,
- Computer games and entertainment technologies.

2.8 These will continue to adapt and change over time and we will continue to refresh our thinking as this occurs. One of the highlights from this programme of activity is our 5G Mobile Communications Arrow Project, which is set out in more detail below.

5G Mobile Communications Arrow Project

Consensus has developed on aligning resources behind the £53 million of private and public sector investment already secured by the University of Surrey in world leading 5G mobile communication technologies. The private sector led consortium that supports this project includes: Aeroflex, AIRCOM International, BBC, BT, EE, Fujitsu Laboratories of Europe, Huawei, Ofcom, Rohde & Schwarz, Samsung, Telefonica and Vodafone. These companies have pledged time, expertise and other contributions that together total more than £40 million. This is in addition to HEFCE investment of £11.6 million made from the UK Research Partnership Investment Fund (UKRPIF) in autumn last year.

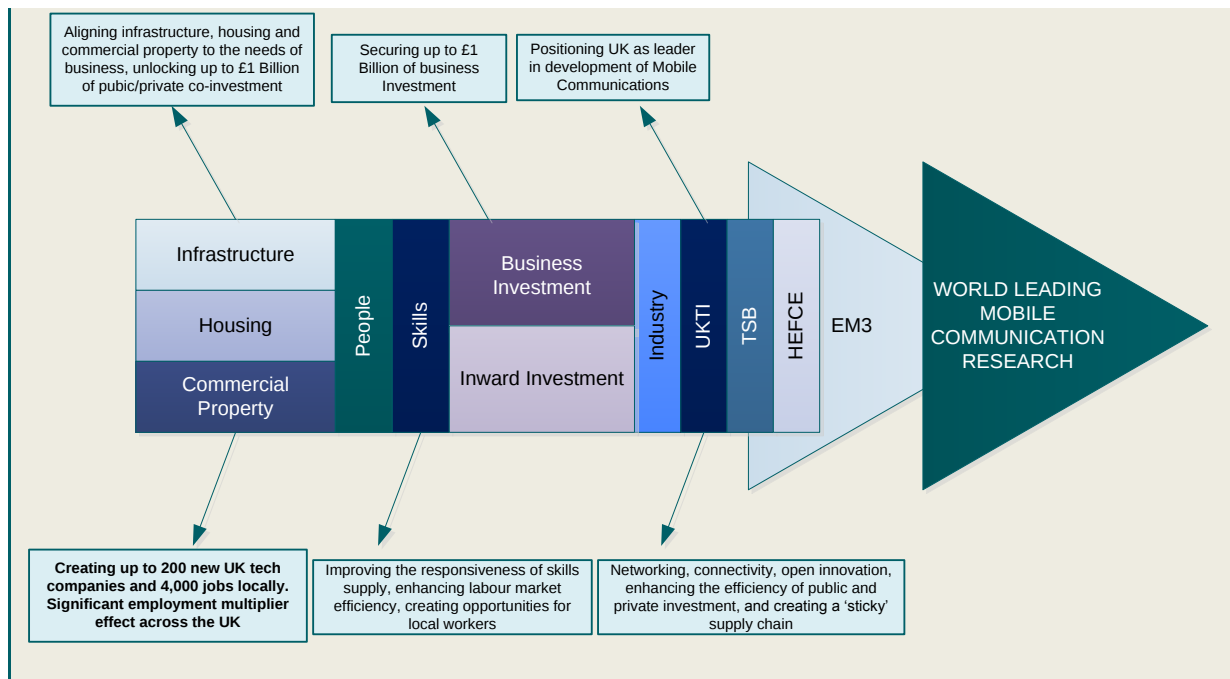
Investment by industry and Government over the next seven years in these new technologies could establish the UK as the primary place for business to invest in R&D



for Mobile Communications and associated technologies; have the potential to secure up to a £1bn of business investment, create around 200 new high growth companies that could collectively employ 4,000 people in and around the Enterprise M3 area and draw in significant inward investors and exploit the potential for trade was through the construction of a new link road which would allow traffic easy access from the M25 to the business parks.

³ Enterprise M3, Strategy for Growth, April 2013

⁴ See Enterprise M3 Key Sector Report, September 2012.



- 2.9 We will be also supporting **sector specific business incubation**. Enterprise M3's aim will be to ensure that there is an adequate supply of incubation, especially for high growth potential firms in our priority sectors, providing support services where there is market failure. Enterprise M3 wants to learn from models of good practice and expand a network of centres across the area but particularly in our Growth towns. £7.9m of capital funding from the LGF is required to support the development of our incubation centres.
- 2.10 In order for these centres to be optimally successful, we need Government to agree to freedoms and flexibilities for businesses within them that mirror those available to companies within Enterprise Zones and University Enterprise Zones. Specifically, 100% business rate relief for each centre, along with VAT exemption for the rents/licences/services offered to innovation centre businesses. This will stimulate private sector led supply of incubation space and enable early companies to gain access to affordable rents, which has been identified as important by the UKSPA and the SETSquared Partnership. This will achieve significant gains for those companies within these centres at a minimal cost to Government of c £1.7m per annum.⁵
- 2.11 Building on successful university programmes such as SETSquared and enterprise support programmes led by UCA, University of Winchester, Winchester School of Art and Royal Holloway, our ambition is to learn from best university practice and work with businesses encouraging more university involvement in particular in Basingstoke, Farnborough and Woking, with a clear focus on building on areas of smart specialisation. An early example of some work we anticipate scaling in this area is with Royal Holloway (see box).

⁵ Based on seven innovation centres, total Business Rate Relief £0.7m per annum, VAT Exemption £1m per annum. Estimates based on data provided by Surrey Technology Centre and Wey Estates Ltd.

Innovation Supporting Business Incubation

Royal Holloway is a world leading university for cyber-security research; it has a long and well-established track record of industrial collaborations with companies including Microsoft, Facebook and many others. It has now reached a stage where it needs to grow the commercial activities of its Information Security Group (ISG) off campus so that it can better support the needs of: spin-out and spin-in companies, industrial collaborations and the commercial use of its specialist facilities to the network of over 500 cyber-security related SMEs in the South East.



Enterprise M3 is working hand-in-hand with Royal Holloway to support these aspirations through the development of a £7 million incubator that will act as focal point for the cyber-security sector within both the Enterprise M3 area and the whole UK. This project will become financially self-sustaining within three years.

- 2.12 The approach the LEP has taken to working with higher education partners has been welcomed as illustrated in a statement by **Keith Robson, Director of Enterprise and Growth at the University of Surrey**.

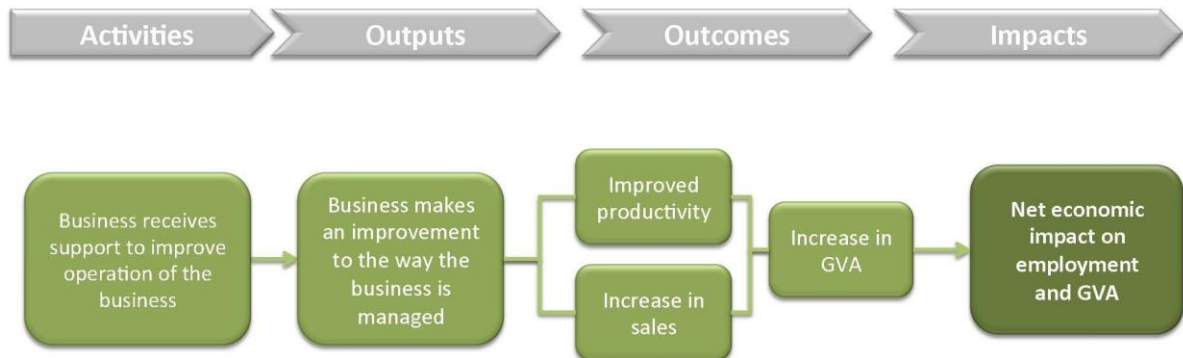
“The University of Surrey helped form Enterprise M3 and we have worked alongside the LEP team to shape the Strategy for Growth. By connecting us better to the local business community, Enterprise M3 is already playing a vital role in helping the University create jobs and long-term wealth from the commercialisation of our research.”

Keith Robson – Director of Enterprise and Growth at the University of Surrey

- 2.13 Further support for local businesses will come through **the Enterprise M3 Growth Hub**. An overview of the approach to be adopted is presented here and more detail is provided in the relevant template within our Delivery Plan. The Growth Hub will have

a particular focus on meeting the support needs of businesses within the key sectors identified as being part of the Sci:Tech Corridor. Enterprise, innovation and, importantly, skills support for these businesses must reflect the fast-moving and internationally competitive environments in which they operate. The Enterprise M3 Growth Hub will ensure that our ambitious businesses receive the targeted support they need to realise their growth potential and so maximise their contribution to the economy as shown in Figure 2.1.

Figure 2.1: The Rationale for Enterprise Support



2.14 The Growth Hub will include a number of specific but integrated activities including

- A business portal;
- Business intelligence unit;
- Access to national business support;
- Access to national skills support;
- Access to local business and skills support.

2.15 Rather than seeking to create new support products, the Growth Hub will bring together proven products with their delivery teams that work in the Enterprise M3 area operating as a single team. They will share a customer relations system and market/labour intelligence information. Target businesses will be assigned a single relationship manager who will coordinate the support from the individual programmes with the “wiring kept under the table” rather than as now where the complexity is exposed to the business customer.

2.16 In order to support the availability of affordable and accessible funds, the Enterprise M3 Board approved £5.5m from the Growing Enterprise Fund to create two new investment funds for businesses looking to grow. Following extensive due diligence, Enterprise M3 intends to launch this fund in the new financial year. **Kevan Jones, CEO of Finance South East**, who will administer the fund programme says:

“This funding will be a catalyst in supporting the growth finance needs of many companies. A good number of those companies will go on to generate business opportunities internationally. The resulting growth seen will create new employment opportunities in the Enterprise M3 area and that will be great to see.”

Kevan Jones – CEO of Finance South East

- 2.17 We have listed below the **key strategic innovation and enterprise investments** we intend to take forward (which complement but sit outside our town-based Growth Packages).

Area-wide Innovation and Enterprise Capital Investments	
Innovation and Enterprise Centres	Further support of the Sci:Tech Corridor and Step-up Towns growth ambitions by supplying incubation space and support services, for high growth potential firms and general business centre provision across the Enterprise M3 area.
Growth Hub	A focussed and co-ordinated business and skills support offer enabling all businesses to secure the information and advice they need to start, grow and develop their business.
5G Arrow Project	Enterprise M3 in cooperation with universities, HEFCE, TSB UKTI and GTV6 LEPS will support cutting edge technologies for capitalising on the development of the 5G Innovation Centre in line with the views being expressed by Witty in his recent review on universities and their role in economic growth.

- 2.16 Furthermore, as part of our innovation-led investments, we will also **promote a shift towards a low carbon economy through the development of new technologies** and low carbon goods and services (and will be also directing £4.24m of ERDF funding towards the achievement of this).
- 2.17 In tandem, we will also **exploit potential within our rural areas**. Within our rural communities we believe there is latent potential for: the deployment and development of low carbon technologies and renewable energy; and the exploitation of broadband technologies; support for rural businesses, agricultural diversification and food and drink technologies.

Alignment of SEP Innovation and Enterprise Investments with EUSIF

Our innovation and enterprise work builds on the extensive smart specialisation work undertaken as part of the development of our EU Structural & Investment Fund Strategy. This allowed us to identify the key and niche sectors in which Enterprise M3 is or has the potential to lead the world and we designed a number of EU funded interventions around this. These interventions focus around encouraging world-class research, commercialisation of this research, encouraging international trade and inward investment into the area's high value sectors and the scaling up of successful existing innovation models to support a wider number of SMEs. This will be aligned with the priorities of the Sci:Tech Corridor and the interventions described above, ensuring that the right conditions are created to allow our high value businesses to innovate and bring new products to market. We have set out a provisional allocation of £6.3m ERDF funding for innovation activities over the next EU funding period. We will also be directing £10.6m ERDF funding towards the development of our Growth Hub.

In addition, we are in discussions with our rural partners (including Local Action Groups) around the use of our £4.5m European Agricultural Fund for Rural Development (EAFRD) funding to establish a Rural Business Network. We envisage this is run either as a standalone but complementary service to the Growth Hub or is operated within the Growth Hub. The aim would be to operate strategic projects designed to have a significant impact on the Enterprise M3 rural economy and would complement the work of LAGs.

Skills

- 2.20 Through our skills activities, we aim to change the operation of the skills system to better meet the needs of the economy, particularly through the development of STEM capability and achieving full participation in the labour market for young people. This will assist us in achieving our target of increasing employment from 77.4% to 80%, creating 52,000 extra jobs across the area.
- 2.21 Skills are a fundamental component of productivity and a key area of focus of for the Enterprise M3 strategy. The Local Futures report placed Enterprise M3 sixth highest (out of 48 economic sub-regions) for its share of 'knowledge workers', and third for the local skills base. However, looking towards the future the Enterprise M3 area will need to address two key issues: (i) out-commuting of higher level to London; and, (ii) the fact the labour force is growing much slower than the job market. Through skills-led investments in these areas we are aiming to ensure that:
- The future workforce is sufficiently equipped to meet the science, technology, engineering and maths (STEM) requirements of employers; and,
 - The current workforce has sufficient intermediate, technical and higher-level skills employers are demanding. A stream of graduates, post-graduates and academics entering and interacting with our leading companies, organisations and institutions, will underpin this.

Skills Capital Interventions

- 2.22 Skills capital interventions are vital to ensure the continued success of the Enterprise M3 area. We will invest £42m LGF funding alongside £120m of investment by FE colleges, other skills providers and their business partners and we will support skills development as part of our Growth Packages. We will also invest on a number of skills capital interventions of strategic significance for the Sci:Tech Corridor as a whole. These are listed below and complement but sit outside our town-based Growth Packages. Further detail around our skills capital programme can be found within **the Delivery Plan in Annex A.**

Strategic Skills Capital Investments	
Future Skills Centres (FSCs)	A network of linked, world class skills facilities which will provide higher vocational and technical skills training and consistently high quality skills programmes. The development of our Future Skills Centres will provide facilities that enable us to build on and develop our existing world class skills provision and will act as an enabler for economic prosperity. We will adopt a strategic approach to skills capital investment and are currently exploring innovative solutions with our partners.
University Technical College (UTC) Surrey	A new facility, equipped to the highest standard, developing young people's skills in STEM subject areas, such as computing and another technical specialism, the UTC will be an all ability high performing school, producing results and achieving full progression with zero NEET young people. Advanced discussions are underway to secure a world-class business sponsor and higher education support.
Brockenhurst College STEM Advancement Project and Estate Development Scheme	Construction of a state of the art facility on the main campus, designed to incorporate a new STEM facility which will include industry standard laboratories and teaching rooms for Physics, Chemistry and Biology, workshops and theory rooms for Engineering and IT suites. The project also incorporates an extensive programme of refurbishment, re-modelling and re-build to allow a significant reduction in the proportion of category C and D estate at Brockenhurst College. This will enable the College to enhance and extend its provision of outstanding education across the Enterprise M3 and Solent LEP areas.
Hampshire Centre for the Demonstration of Environmental Technologies, Sparsholt College	The project will support the development of a centre for the demonstration and learning of environmental technologies at Sparsholt College. It will serve as a hub for the development and teaching in the use of sustainable technologies in order to equip a future workforce with the knowledge and tools needed to address the stalemate which exists over the adoption of sustainable practices and suppresses the potential for a thriving green economy. It will also provide the opportunity for businesses to test, refine and prove the business case for their technologies. The work of the centre will establish confidence in green technologies and provide a launchpad under which a green economy can thrive providing opportunity for wealth and job creation.

- 2.23 For example, this funding will enable the development of our **Future Skills Centres (FSCs)**. Our FSCs will form a network of linked, world-class skills facilities spanning the Sci:Tech Corridor and our Growth and Step-up Towns. Strategically located across the area, with linked facilities to Step-up Towns, these facilities would deliver the skills priorities identified by employers, as articulated in the Enterprise M3 Skills and Employment Strategy (2013). The centres will include the Farnborough Centre of Excellence for Aerospace and Defence (box below) and development of a new University Technical College in Surrey with a STEM curriculum specialism and a focus on providing vocational pathways in priority skills sectors with an embedded core enterprise and employability curriculum. Working with FE, HE and other training partners, we will create additional and specialist capacity to provide higher vocational and technical skills training including for Advanced and Higher Apprenticeships.

Regional Centre for Aerospace and Defence: Farnborough College has an established reputation for the delivery of Aeronautical and Defence Engineering. Its



located in Farnborough, a key town within the Sci:Tech corridor and adjacent to the Step Up towns of Aldershot, Camberley and Whitehill and Bordon - centrally placed within a hub of Aerospace and Defence companies including significant primes and SMEs. The College's current Aerospace and Automotive Academy is oversubscribed and experiencing rapid demand with employers reporting acute skills shortages largely connected to an aging workforce. The college has resorted to setting up additional facilities in ad hoc places around the College to accommodate the demand. In response it is planning a major expansion including proposals for a composites laboratory, materials science facility, wind tunnel and simulators and an aircraft maintenance, repair and operations (MRO) facility. The project will be developed in partnership with Farnborough Aerospace Consortium and its member companies which include Thales, BAE Systems, L-3 Communications, Cobham Composites, TUV Product Services and Barnbrook Systems. Companies will provide advice on the appropriateness of facilities and course design as well as extending the work experience and placement programme. This centre will also support businesses in the Solent LEP area.

- 2.24 We are also working with our further education colleges and private sector providers to ensure that the area's skills provision infrastructure and capital investments contribute to our economic growth aspirations. This approach has been welcomed as illustrated by the statement made by **Tim Jackson, the Principal of Andover and Sparsholt Colleges**:

“I welcome the opportunity to be working closely with the Enterprise M3 LEP. As a College Principal and Chairman of the Hampshire FE College Principals Group I have welcomed the very open the way in which the LEP has approached the Skills Agenda.

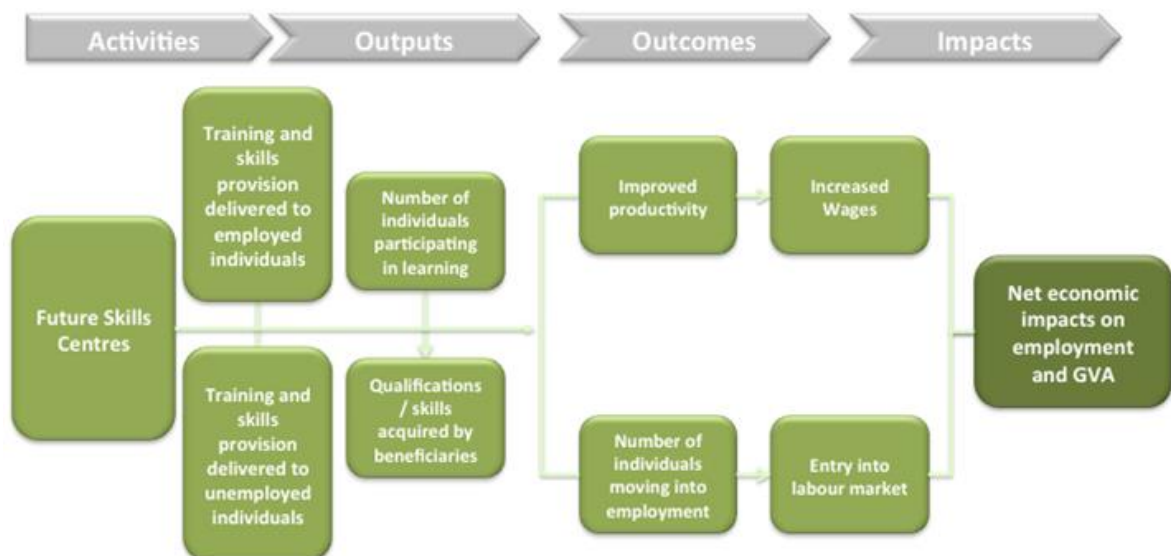
The LEP very quickly identified the importance of Skills to the M3 economy and also identify the FE College Sector as a key delivery partner in striving to achieve the best possible value from the government investment in skills.

I have been working closely with the M3 Enterprise LEP Team, together with my other colleague FE College Principals to make sure that we integrate our activity to support economic growth which is vital for meeting the needs of employers in the key industrial sectors, including STEM, which are strongly represented within our LEP priorities and within the provision of our College to the local economy.”

Tim Jackson – Principal of Andover and Sparsholt Colleges

- 2.25 We believe that these are sound investments that will deliver a rich set of socio-economic impacts for the individuals involved, the businesses and the area's economy as a whole as shown in Figure 2.2.

Figure 2.2: The Rationale for Future Skills Centres



- 2.26 We are also exploring an innovative and unique joint project led by both Hampshire County Council and Surrey County Council. Our aim is to build on our collective

experience, expertise and capacity to work towards a single skills capital programme, drawing from the existing service level agreement between the two authorities to deliver a schools capital programme. The two authorities are also aiming to utilise the IEESI framework – a construction framework between South East authorities, hosted by Hampshire County Council – to support project delivery within the available timetable.

Other Skills Interventions

2.27 In addition to the development of our Future Skills Centres, we are proposing a wide range of wider skills interventions. They are structured within three inter-linked work-streams: (a) world-class skills; (b) increasing employer take up of training; and (c) enhancing employability prospects. The objectives of the **world-class skills programme** are focused around:

- Increasing interest in STEM subjects to create a world-class skilled labour pool (including the promotion of take-up by women). Meeting specific skills gaps through close collaboration between employers and learning providers.
- Boosting the take up of Higher Apprenticeships, particularly in STEM subjects, and alternative higher-level vocational pathways, with increased SME participation (including apprenticeship hubs or other shared arrangements).
- Creating an additional 1,200 apprenticeships per year by 2021, along with 170 higher level apprenticeships, with a particular focus on STEM skills.

TeenTech

TeenTech is a highly interactive event designed to educate year 8 and 9 students and their teachers about the contemporary world of science, engineering and technology. Participants take part in experiments, handle cutting edge technology and spend time with leading engineers, technologists and scientists. The events, which are aimed at promoting science, technology, engineering and maths to school students, help inform students in the selection of GCSE choices.

Research done by TeenTech shows this event helps teenagers to refocus their thinking about school subject choices and to consider career paths they never knew existed.

Enterprise M3 sponsored the TeenTech events in Hampshire and Surrey during



TEENTECH

inspiring tomorrow's innovators

2013 which attracted 600 students, 60 STEM employers and over 100 volunteer scientists and engineers. We have committed our support to TeenTech and the promotion of STEM subjects in 2014.

2.28 The aim of the next work stream is quite simply to increase **employer take-up of training**. It has four elements:

- Boosting employers' engagement with learning providers. This involves developing better links between business and educators, promoting learning more effectively to employers and supporting them in identifying and meeting their training needs.
- Improving information about the learning offer.
- The development of skills brokerage support through the Growth Hub.
- The creation of a labour market intelligence unit.

2.29 The employability work stream aims to increase learners' understanding of employer needs, employment opportunities and progression pathways, to improve employer engagement with schools and colleges and to enhance Information, Advice and Guidance. It has the following objectives:

- Helping people back to work through vocational pathways and apprenticeship programmes.
- Strengthening Careers Information Advice and Guidance to provide a more integrated service with a particular focus on meeting the needs of growth sectors and technologies and target groups (including women in relation to STEM career opportunities).
- To achieve full participation among 16-19 year olds in education, employment and training with a NEET rate of no more than 1% across the LEP area. This will be achieved through working with learning providers and employers to develop, promote and provide traineeships, internships and other employability and re-engagement programmes focussed on the disadvantaged, NEETs and other target groups and SMEs.

2.30 **Social inclusion** objectives include the following:

- Developing the capacity of social enterprises within Enterprise M3, with regard to specific social inclusion needs across the area. Could build on, for example, the local models for Social Entrepreneur development, which could be expanded to cover the whole LEP area. We propose that this activity would be match funded by BIG through their opt-in for 2014-2016, with opportunity to review at this point
- Employability and basic skills around groups at risk of exclusion from the workforce. Could include active inclusion activities for groups with protected characteristics, or activities to combat discrimination of these groups from labour market. We propose that this activity would be match funded by DWP through their opt-in for 2014-17, with opportunity to review at this point. This will ensure excluded groups are given the support to tackle barriers to work and that they are employment ready or entering training or self-employment.

2.31 Our aspiration in support of all these objectives is that an increasing number of major employers will encourage participation from others in their sector including their supply chains, building on the existing work of companies such as BP and QinetiQ. We will identify and promote projects and programmes designed to increase interest in STEM subjects in schools and colleges and to support employers in how they relate and motivate young people. We are planning an annual cycle of inspiring high-profile

events linked to careers in STEM fields, with Enterprise M3 employers. We will bring together and plan joint programmes in new network and promote the Enterprise M3 area as an area of world-class businesses and world-class skills.

- 2.32 One of our priorities is to work with the National Apprenticeship Service (NAS) and providers to agree a promotion programme designed to **increase advanced and higher level apprenticeships co-ordinated through the LEP**. We will scope out key sectors where there is a gap in provision of higher-level apprenticeships and identify whether there is a need for alternatives to higher-level apprenticeships.
- 2.33 We also have pockets of excluded groups including families with complex needs and youth unemployment and NEETs, which - although comparatively low - is increasing faster than the national average. A key priority for Step-up Towns is to work with the MoD to improve resettlement provision for Early Service Leavers (ESLs). The Enterprise M3 Skills and Employment Strategy aims to support active inclusion with a view to improving employability, tackling barriers to work (through employment readiness, training or self-employment)⁶. It is important we encourage the sustainable integration of young people, NEETs and low skilled people in low paid work to help them progress.

Alignment of SEP Skills Investments with EUSIF

The skills ambitions we have outlined within this document dovetail with the activities we have described within our EU Structural and Investment Fund Strategy, submitted to government in January. We have set out £17.45m ESF funds to be spent on skills, employment and social inclusion activity. Of this, we have allocated £8m towards the realisation of our world-class skills programme, with £5.6m being set towards employment activities and £3.85m towards the development of social enterprise and wider social inclusion activity.

We are in negotiations with the Skills Funding Agency, the Department of Work and Pensions and the Big Lottery Fund around their respective opt-in proposals for our skills, enterprise and social inclusion funding. The role of the LEP here will be to ensure that this funding is fully aligned with both the skills capital funding drawn down from the LGF, along with other local funding being directed towards these policy goals.

Unlocking Housing

- 2.34 Through our housing activities, we aim to accelerate the delivery of housing by up to 25% above the baseline (2003-13 delivery)⁷ meaning that, with Government support⁸, over the next 10 years up to 11,500 new homes will become available more quickly. This aim has been explicitly agreed by the Joint Leaders Board operating across the Enterprise M3 area. Achieving this target will also see the delivery of housing accelerated by 54% when compared to the 5-year baseline (2008-13).
- 2.35 Enterprise M3 is backing a determined effort to develop an adequate pipeline of new local housing provision through innovative, accessible and high quality mixed-use

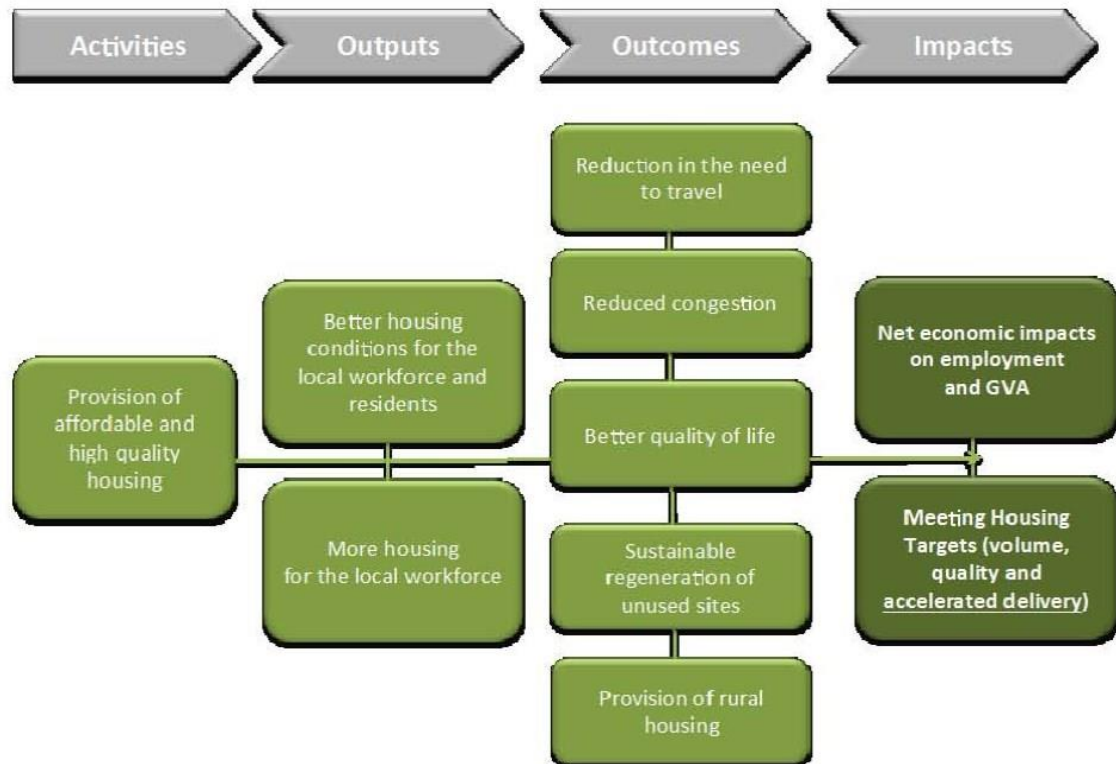
⁶ Enterprise M3 Skills Strategy.

⁷ Regeneris (2014) using information provided by Local Planning Authorities. This baseline has been used as this gives a picture of delivery before and during the recession. **Acceleration of delivery would be achieved without an increase in Local Plan targets.**

⁸ The infrastructure funding we have outlined, along with support for strategic transport interventions, is key to allowing us to achieve this goal.

developments. These investments will enable our future local workforce to live and work within the area. We will ensure that a revitalised and transformed housing market results in mixed-use sites of sufficient scale and ambition to meet our housing needs. Our aim is to directly address some of the constraints we have identified to housing in the recent Enterprise M3 Housing Evidence Study such as land assembly difficulties and infrastructural limitations.

Figure 2.3 The rationale for unlocking housing development opportunities



- 2.36 The price of housing and inability to accommodate new housing due to environmental designations has meant local planning authorities and developers have not been able to bring forward a sufficient volume of activity to date. Site owners have been unable to agree to terms of sale, and key requirements such as transport, water (particularly water quality and sewerage) and provision of community facilities have acted as barriers to progress.
- 2.37 To meet our requirements we will work with local authorities to identify and unlock the potential of a series of strategic sites for the development of sustainable new communities in the longer term. These sites are in locations where much of our housing growth is likely to occur. This approach would build upon Enterprise M3's Growing Enterprise Fund experience where housing has been unlocked through support for a scheme to deliver 600 new homes in Basingstoke and through a successful Public Works Loan Board (PWLB) Project Rate application in Guildford. In Guildford the aspiration is to deliver 1000 new homes in Slyfield through PWLB. Given the current spatial constraints in some areas (see Figure 1.40 – Green Belt across Enterprise M3 and Figure 1.41 – The Thames Heath Basin Special Protection Area (THBSPA) in Annex A) we will also be promoting the conversion of redundant office space to residential uses.

- 2.38 Since starting work on the Strategy for Growth, stakeholders particularly the business community - have given us a strong message regarding the importance of housing to the local economy. This was reflected in the draft Strategic Economic Plan, and in December 2013 Enterprise M3 commissioned Regeneris and Wessex Economics to produce an independent report and evidence base which could advise the LEP on the role housing plays to support growth across the area.
- 2.39 This work has provided us with an evidence base to discuss housing with partners from both the public and private sector. The Joint Leaders Board, as well as the Enterprise M3 Board, supports the aim set out in our Growth Deal to accelerate housing by up to 25%, with Government support, over the next 10 years. This is a clear demonstration of the way that Enterprise M3 works across both the public and private sectors, ensuring that the proposals set out in this Growth Deal, Strategic Economic Plan and Delivery Plan are credible and deliverable.
- 2.40 A number of strategic development sites are in Enterprise M3's Growth Towns and Step-up Towns and a series of targeted interventions will play a key part in realising their potential. It is important to note that, in order to facilitate housing growth in Enterprise M3, it is vital that Government not only invests in the infrastructure schemes set out within our Growth Packages and more widely, but also that it commits to working to help accelerate those strategic schemes being delivered by the Highways Agency and Network Rail, in particular the M3 Junction 9 and the A3 corridor improvements near Guildford. Opportunities to bring forward housing in other locations, in support of the Sci:Tech Corridor will also be considered.
- 2.41 Our Growth Deal, Strategic Economic Plan and Delivery Plan have been designed in direct response to the Housing Evidence Base study's recommendations. In order to achieve our aim of accelerated delivery our approach will be as follows:
- i) Use the Local Growth Fund, the Homes and Communities Agency's Local Infrastructure Fund, Public Works Loan Board Project Rate and Growing Places Fund to **support Enterprise M3's major development sites**. The two largest sites in the Enterprise M3 area – Whitehill & Bordon (4,000 homes) and Wellesey, Aldershot (3,850 homes) will both start on site in 2014/15 and present a considerable opportunity for the area. Funding will be used to support the development of these sites, primarily by forward funding enabling infrastructure (transport, utilities, SANGs) on a loan or grant basis.



Whitehill & Bordon Exhibition House

- ii) Adopt an **account management approach** across our strategic sites. Our recent housing research has identified the available supply of large sites (+50 new

homes) across the Enterprise M3 area and has provided detail on their ownership, planning status and any barriers to delivery. This work gives a detailed and unique understanding of the opportunities to accelerate delivery in the short, medium and long term. In readiness for Local Growth Fund coming on stream in 2015/16 Enterprise M3 will commit secretariat and Board-level resource to taking forward this approach, working through the Enterprise M3 Land and Property and Housing Action Groups. Enterprise M3 already has a close working relationship with Local Planning Authorities, the Homes and Communities Agency and a number of other national and regional house builders and this account management approach will further develop this and provide opportunities to align funding streams to unlock sites. As part of this account management approach and in addition to regular liaison with those promoting our major sites, we propose regular monitoring of our strategic sites and their delivery so we can direct investment where is required and seek to influence the investments made by other bodies.

- iii) We will work with our Local Planning Authorities to **facilitate planning for long-term strategic housing delivery**. In many parts of the Enterprise M3 area past and current housing delivery has been maintained by delivery on key strategic sites that were identified 15-20 years ago and have been brought through the planning system. The Enterprise M3 area contains several future supply sites, many of a large size and many in public ownership that could meet future housing needs and which could meet the requirements of the forthcoming Garden Cities Prospectus. Our proposal to bring public sector land owners together into a Public Land Board as mentioned later could further identify future sites for both housing and commercial development and we will work with partners in the public and private sector, in addition to our neighbouring LEAs, to ensure that a long term pipeline of sites is maintained. This work will include further engagement via our Land and Property Group on emerging Local Plans.
- iv) Over 43,000 new homes were built in the Enterprise M3 area in the last ten years and this delivery has been despite considerable **constraints both in terms of the capacity of the area's infrastructure** and also environmental and planning designations (Special Protection Areas (SPA), Flood Plain, Green Belt, National Parks). Over 25% of the Enterprise M3 area falls within either a SPA or the London Green Belt. In order to achieve our aim of accelerated housing, the Enterprise M3 area requires the investment in infrastructure (as set out in the Delivery Plan) and Government to support the work of Natural England to ensure that a range of appropriate and flexible mitigation measures are put in place to ensure that accelerated growth can be delivered without it being at the expense of, or curtailed by, the Special Protection Areas. A number of our Local Authorities have told us about the barrier that SPA mitigation (in the form of Suitable Alternative Natural Green Space) currently poses to development and we would be able to share details of this with you as part of our Growth Deal negotiations.
- v) To maximise the opportunities for **new housing that exist on public sector land and within our town centres**. A considerable amount of land within the Enterprise M3 area is held by various public sector bodies, including the Defence Infrastructure Organisation (DIO). We have set out outline proposals within our Growth Deal to bring together a Public Land Board of public sector organisations.

This approach would build upon the work already being undertaken by Hampshire and Surrey County Councils and would bring organisations together to identify land for development and develop new flexible models for land release.

- vi) Our Commercial Property Report identified that there is stock within the Enterprise M3 area that is unlikely to be used again for commercial use. Given the considerable constraints on housing development in the area and the aim to regenerate town centres within the Enterprise M3 area, it is proposed that Local Growth Fund is used to support the **conversion of redundant commercial space into new homes**. Some of these conversions will be delivered by the market (once infrastructure and other constraints are addressed) whilst others will require grant or loans using Local Growth Fund, Growing Places Fund or Public Works Loan Board funding to enable development. Enterprise M3 has two pilot projects for commercial to residential conversion in its Delivery Plan for 2015/16 that will deliver 75 new homes.
- vii) Recognising that housing markets do not have discrete boundaries we are also in **discussion with neighbouring LEPs** about our plans. Many of our housing interventions are integrated into the Growth Packages developed for our Growth Towns and Step-up Towns. We have separated these out in our Delivery Plan.
- viii) One example of how we are approaching public land ownership is illustrated in the following box (One Public Estate: Surrey County Council).

ONE PUBLIC ESTATE - SURREY COUNTY COUNCIL
Knowle Green, Staines-upon-Thames (Step-up Town)

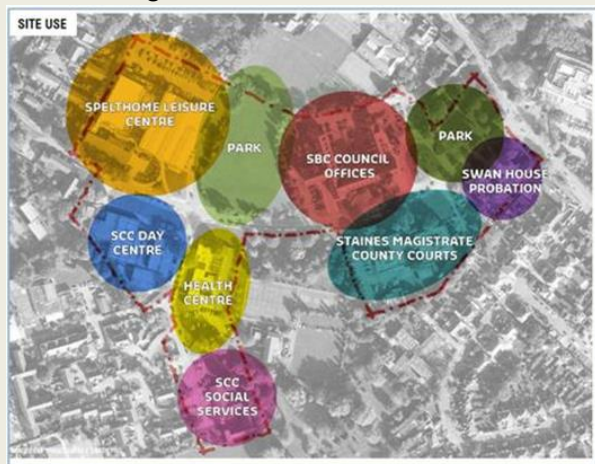
This case study is an example of Surrey County Council working in partnership with the local Borough Council (Spelthorne) as well as central government partners, the Ministry of Justice and NHS, in order to review the provision of public sector services currently run from an old fashioned public sector quarter on the edge of Staines town centre. This model of working could be replicated in our other Step up towns and Growth towns stimulated by bringing public land owners together on a Public Land Board.

The current provision occupies a large site and is made up of a number of dated properties which are not fit for purpose and have high backlog maintenance liabilities.

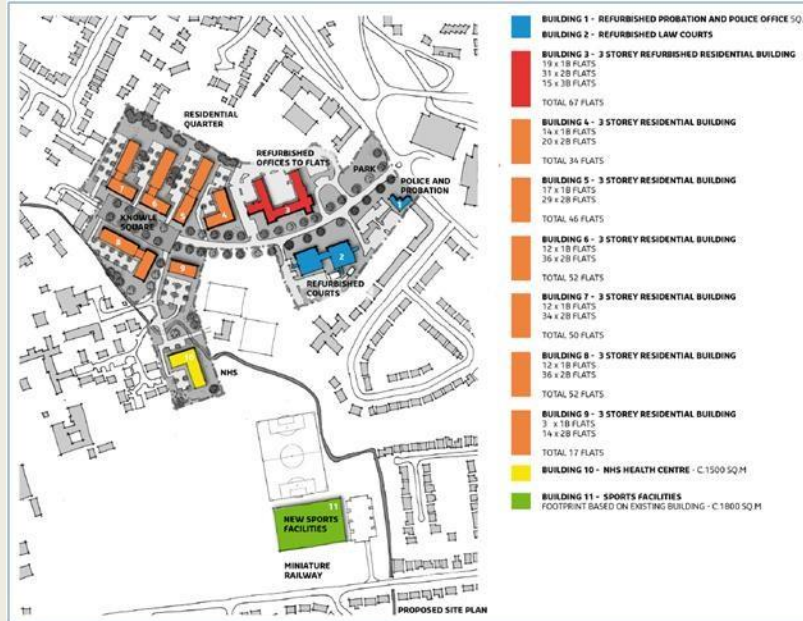
The initial proposal for making better use of the site and freeing up land for redevelopment has been expanded with a joint partner review of the town centre strategy, including commissioning consultants to undertake master planning, leading to a revised target for a more central site to be identified to house the public sector services, increasing customer satisfaction levels while contributing to the future improvement to the retail core of the town.

Potential sites have been identified and appraisals undertaken as to the cost savings and capital receipt generation of the proposal which will also release even more land for much needed residential development in the area and large contributions towards affordable housing targets.

The existing site –

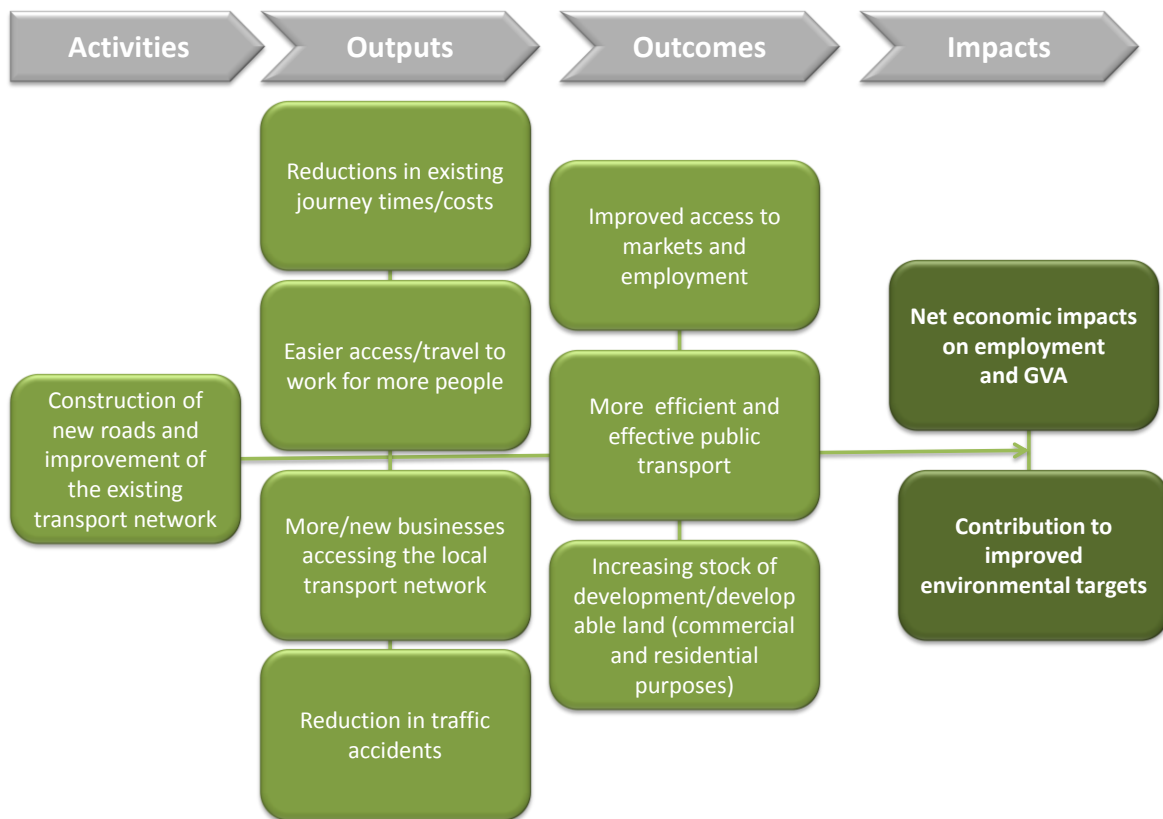


Potential redevelopment of existing public sector site at Knowle Green –



Transport

- 2.42 Enterprise M3, in conjunction with the two Highways Authorities at Surrey and Hampshire, established the Enterprise M3 Local Transport Body (EM3 LTB) at the end of 2012. The primary role of local transport bodies is to agree, manage and oversee the delivery of a prioritised programme of major transport infrastructure schemes from 2015 onwards. The LTB will assist with project prioritisation and overseeing delivery readiness.
- 2.43 Through our transport activities, we aim to deliver and improve connectivity through transport investments across the Enterprise M3 area – particularly within and around our Growth Towns and Step-up Towns - to increase journey-time reliability, increase the capacity of our transport network and unlock new housing and business sites. Transport-related investment has the potential to deliver a wide range of impacts as shown in Figure 2.4.

Figure 2.4 The Rationale for Transport Investment

- 2.44 The Enterprise M3 area is located at the heart of a transportation hub connecting UK businesses to the rest of the world. The effective functioning of this strategic transport network by air, rail and road is a priority for businesses, local communities and people who visit our area. These vital arteries help people access jobs, enable businesses to connect with each other and with their customers and help unlock planned development. The network plays a crucial role in supporting wider economic prosperity and competitiveness across the whole Sci:Tech Corridor, and within our Growth Towns and Step-up Towns.
- 2.45 However, we know our network is straining to accommodate growth. One in 10 businesses in the area has stated that transport congestion is a barrier to growth and we recognise that the amount of traffic on our roads and rail network is projected to increase causing further congestion and delays. The 2012 Enterprise M3 Transport Survey in particular highlights the M3 (Junctions 3, 4 and 4a, 6, 7-9); A34/M3; M25 Junction 10, the A31 Ringwood widening, the A303/A34 Bullington Cross and the A3 at Ham Barn roundabout and through Guildford. Furthermore, it is predicted that average main rail network line congestion is expected to grow to 147% by 2031 and will require commensurate investment in capacity such as rolling stock, track and signalling improvements as well as station enhancements and parking.
- 2.46 Our interventions have been designed therefore to ensure that the existing transport network is as resilient and reliable as possible and able to support new and existing development. Our Growth Packages set out specific interventions within our Growth Towns and Step-up Towns, which will work to reduce congestion and increase journey-time reliability. In addition to that, our Level 2 transport interventions will work to enhance connectivity between our spatial priorities, helping to develop the area as

an interconnected City Region where business can thrive. Finally, we have identified a number of Level 3 strategic transport interventions, which will not require funding from the LGF, but which will be delivered by the Highways Agency and Network Rail. We have included these within the SEP as the commitment by these agencies to accelerate the delivery of these schemes, in particular Junction 9 of the M3 and the corridor improvements to the A3 near Guildford, is vital to the continued economic success of the Enterprise M3 area and to the ability of the LEP to deliver on its targets, particularly those around housing.

- 2.47 We believe this investment is required for businesses and communities to access a well-connected network with reliable journey times. We want to improve travel choices and access to services improving the quality of life for our residents.
- 2.48 A crucial activity in supporting economic growth within this area will be to develop a new partnership with key infrastructure providers (including the Highways Agency and Network Rail to ensure locally-focused long-term planning for infrastructure works. This will include the co-ordination of works to minimise the impact on business and the acceleration of those projects recognised by business as being important for growth.
- 2.49 There are several priorities for Enterprise M3, which are described below, and area covering congestion hotspots, access to major developments and international gateways, packages of network resilience measures and rail improvements.
- First, we will complement existing investment to address congestion hotspots where additional works can be undertaken quickly and easily, using a local congestion fund, as well as undertaking larger, targeted interventions where congestion has been identified as a barrier to growth. These measures will improve reliability and efficiency providing access to Growth Towns/corridors and major development sites. We will work with the Highways Agency and local authorities to plan, support and deliver interventions around the Strategic Road Network to ensure it is developed and maintained in a way, which supports and encourages growth. The intention is that interventions will improve connectivity to key locations, increase capacity, provide junction improvements and reduce congestion.
 - Second, we will support vital infrastructure schemes unlocking growth at strategic locations. We have highlighted earlier in the housing section how infrastructural constraints are holding back investment for instance in major mixed-use sites. As a result we have identified and prioritised a series of sites where targeted up-front interventions will result in a willingness to invest and, ultimately, the creation of new homes and jobs.
 - Third, we will work with neighbouring LEPs to improve surface access to International Gateways at Heathrow and Gatwick and the ports of Southampton and Portsmouth. Investment in these International Gateways will ensure we continue to function as an excellent, globally competitive location for businesses with transport networks able to support the forecast growth in international travel and trade in goods and services. This is a key priority for businesses within the Sci:Tech Corridor.
 - Fourth we will optimise the resilience of transport network through better management of the existing infrastructure focusing on packages of investment within our key Growth Towns and Step-up Towns. In particular we will enhance the

quality of locations noticeably affected by inadequate transport infrastructure or poor weather conditions such as recent exceptional flooding. Business have consistently highlighted that the poor state of the road network can be a key contributory factor in relocation and/or business failure. A more resilient and reliable road network will mean fewer unplanned reactive roadworks and help to ensure more reliable journey times, reduce delays, helping businesses and the wider economy. A £69m package of resilience measures, requiring a £53m contribution from the LGF is proposed. A summary of this is provided in the following box.

Transport Network Resilience and Strategic Corridor Maintenance Improvements

Road transport has a vital role in supporting economic recovery. The strategic road network carries a high volume of business and employment commuters. Extreme weather conditions over the last three winters (including snow and heavy rain and flooding) have caused a marked deterioration in the condition of the highway network in the Enterprise M3 area. In particular, the flooding that has been experienced in both Hampshire and Surrey from December 2013 through to February 2014 has resulted in unprecedented and extensive damage to



the network; the extent of the damage has been worse due to the damage from the previous heavy winter. The worsening condition of the highway network if not addressed imposes economic, social and environmental costs on road users (including business travellers, commuters, logistics companies moving goods, materials and parcels) and on wider society.

In the light of these issues, the strategy of our two local highway authorities for the management of the highway network is to be more planned, less reactive and therefore a key aim of this recovery programme would be to ensure that we address the current issues and reduce the number of reactive repairs undertaken. The proposed strategies will include:

- Co-ordinated measures and processes for management of severe weather incidents
- Investment in assets to increase resilience to severe weather and reduce costs to repair damage
- Funding arrangements

Within this context, Hampshire County Council are seeking funding from the LGF to help supplement existing budgets for structural maintenance of highways, bridges and flood defence and put in place preventive measures. Surrey County Council are also working to improve highway network resilience in a strategic way to allow the road infrastructure to cope more effectively with severe weather. Current budgets are providing solutions on a case-by-case basis. A more strategic well-planned co-ordinated approach requires substantial funding



An example of the type key scheme we will be seeking to deliver is along the A31 and A331 which are key corridors, in the heart of the LEP area, providing access to and around Aldershot, Camberley, Farnborough, Guildford and Farnham town centres and surrounding employment/retail areas including providing for the movement of freight, commuter and local traffic. This scheme involves the reconstruction and improvement of existing drainage features that are no longer fit for purpose. They will deliver drainage systems that

are much easier to maintain in the future. It will reduce road closures along key routes. In addition the schemes will improve the quality of water re-entering the River Blackwater.

Upgrading and improving the road network (and associated structures) like these and connecting the key commercial centres will improve traffic and road freight movements, designing them to be fit for future traffic levels, and prolonging the life without the need for future maintenance within a ten year period. The schemes will provide increased accessibility to business and commercial centres as well as better links to major housing growth areas.

- Fifth, we will invest in sustainable transport packages, with a strong focus on improving the quality of sustainable forms of transport so that the modes of public transport, walking and cycling can play a role in reducing congestion and providing access to employment, retail and services. This package will improve the reliability of the transport network. Offering a wider range of travel options for local journeys in these main urban centres will help reduce dependence on the private car. By improving access to employment by sustainable modes, this enables those who currently commute by car to reduce the proportion of disposable income spent on travel to work by switching to the bus or walking or cycling. This package investment offers employers access to a wider pool of skilled people, including young people, who do not have access to a car or cannot afford to run it (enabling those without access to a car to travel to opportunities further from where they live than would otherwise be the case).
- 2.50 Finally we will continue to work with Network Rail and train operators to improve the rail network to support growth. Our aim is to increase the capacity, frequency and reliability along the South West Main Line, lobby for improved rail access to Heathrow, and to secure rail gateway investment and access improvements. This measure is linked to previous one as many of the Growth Town and Step-up Town Growth Packages have proposed complementary rail infrastructure and access enhancements. These include, for example enhancements at Aldershot Railway Station and the development of multi-modal interchange in Woking. In addition we will push for new railway stations to be developed to serve the needs of local businesses such as at park barn, adjacent to the Surrey Research Park in Guildford.
- 2.51 Many of our transport interventions are linked into our Growth Packages as described later in this section. We have listed below the key strategic infrastructure schemes and those packages of interventions we intend to take forward, which sit outside of our Growth Packages.

Strategic Transport Infrastructure Investments	
Highways Agency Connectivity	Measures to be delivered in partnership with the Highways Agency to complement the development of the Solent to M25 (including the M3/A3 corridors) and Solent to Midlands (A34/M3/M27/A31 & A43 corridors) Route Based Strategies.
Local Sustainable Transport for Enterprise M3	Improvement of the quality of sustainable forms of transport so that the modes of public transport, walking and cycling can play a role in reducing congestion and providing access to employment, retail and services
Transport Network Resilience	A series of improvements to the existing highway network to make it more resilient to future traffic demands

Sheerwater Access Improvement Scheme

Overview of the Scheme

The construction of a new link road in a busy and congested part of Woking town centre that will improve accessibility to key areas of employment, reduce congestion and unlock the economic and social vitality of Sheerwater, one of the most deprived areas in Surrey.

Issues addressed by the Scheme

Sheerwater is situated just over four miles from the UK's main arterial motorway - the M25 - and just over a mile away from Woking Railway Station which has quick and frequent train links to London. It is also home to the largest area of business parks in Woking Borough.

In terms of the geographic location, it is perfectly connected to some of the country's key transport links. However, the occupation of the business parks was being adversely affected by the poor access to the M25 for larger heavy goods vehicles, which had to negotiate the narrow, residential streets of Eve Road and Arnold Road en route to Six Crossroads and the M25.

As a result, the Sheerwater business parks experienced high commercial vacancy rates due to its poor accessibility, with upwards of 61% office and 39% industrial vacancy rates in 2010 (Source: Woking Employment Land Review 2010).

Details of the Scheme

Following long-term dialogue with businesses, investors and developers, Woking Borough Council were provided with clear direction: increased occupancy and retention rates, along with the opportunity to pursue new projects, could only be secured if access to the Sheerwater Business Parks was improved. The best way to achieve this was through the construction of a new link road which would allow traffic easy access from the M25 to the business parks.

The Scheme was awarded £2million of Growing Places funding through Enterprise M3's Growing Enterprise Fund and the remainder of the scheme – which cost £4million in total – was paid for by Woking Borough Council and Surrey County Council.

Scheme's timeline

- **July 2012** - Scheme awarded funding from Growing Enterprise Fund
- **Feb 2013** - Works commenced
- **Oct 2013** - Main works on the scheme



completed

- **Dec 2013** - Supporting works on the scheme completed
- **Dec 2014** - Woking Borough Council will commence funding repayments

Key economic benefits of the Scheme

This Scheme will deliver wide-ranging economic benefits for Woking, including:

- The redevelopment of an 80,000 sq ft site for national retailer Asda, which will create around 400 new local jobs.
- Safeguarding the future for up to three existing major employers located within the Sheerwater Business Parks - around 280 local jobs could be saved.
- Sheerwater will be put on the map as a focal point for a supplier driven, advanced engineering cluster, promoted in conjunction with McLaren Group.
- Provision of improved accessibility to and from around 271,500 sq. ft. of good quality light industrial/office space. Since Spring 2012, 118,000 sq. ft. of this space has been occupied with new leases and lease renewals.
- Provision of a launch pad for increased occupancy rates and reinvestment opportunities.

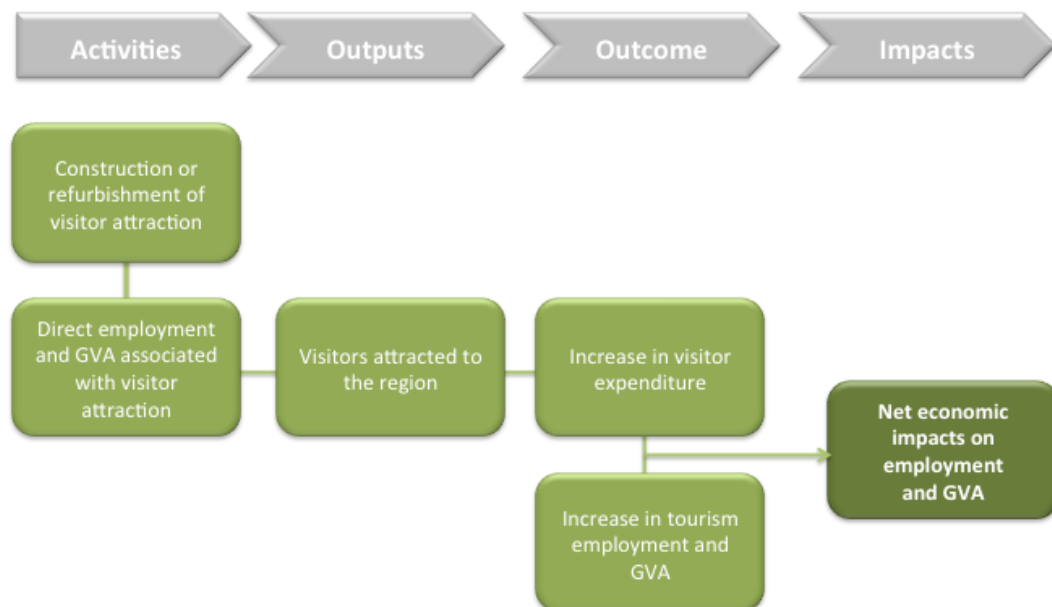
"We are delighted that works to the much-needed Sheerwater link road have now been completed. With the support of Enterprise M3 through their Growing Enterprise Fund, and Surrey County Council through its Local Sustainable Transport Fund, the Council was able to bring forward its delivery, putting into place the infrastructure and investment that will underpin the long-term regeneration of Sheerwater, creating a desirable place to live, work and do business."

Clr John Kingsbury - Leader of Woking Borough Council

Visitor Economy and Provision for a Major Events Space

- 2.52 The Enterprise M3 visitor economy is worth an estimated £2.66 billion (Cambridge model estimate – Tourism South East Research 2011) supporting over 61,000 jobs (ONS/Tourism South East research 2011). In the South East, there are an estimated 163,000 meetings per annum taking place, accounting for 14.6% of England's total. This is 2nd behind London (UK Economic Impact Study 2011 by the MPI Foundation). In other words it is a valuable asset.
- 2.53 However surprisingly the South East has limited provision of major international venues with more than 5,000m² of exhibition space and able to accommodate over 2,500 delegates. Whilst London is a key provider of venues, the imminent closure and redevelopment of Earls Court coupled with the cost of London means that it is not always an attractive proposition. Similarly, whilst venues are available in both Bournemouth and Brighton, these coastal locations have relatively poor transport links and limited connections to core business locations.
- 2.54 Locally, a gap analysis within Enterprise M3 has identified the lack of a high quality international standard major event venue. Such venues can act as a key attractor to the region, bringing local, regional, national and international delegates to the area, ultimately generating a wide range of outputs and impacts as shown in Figure 2.5. This gap has been identified during our engagement with large international businesses located within the Enterprise M3 area and with specific reference to the development of the Sci:Tech Corridor. In our view there is a significant demand for high quality investment in venues of sufficient capacity (a major event space) within the LEP area.

Figure 2.5: Rationale for Investment in the Visitor Economy



- 2.55 With its extensive and fast rail links, good road and motorway network and proximity to both Heathrow and London, the northern part of Enterprise M3 is an ideal location for such a development. We are proposing to undertake a viability study to understand the economic benefits such a venue would have in a number of locations across the area, with the aim being to attract substantial private investment to build

such a site. Additionally, Hotels Futures studies have been commissioned by Hampshire and Surrey County Councils to further understand the demand for high quality hotels and other business tourism facilities within the area, with the aim of developing proposals for investment to ensure this sector is able to meet the growing needs of business.

- 2.56 Our investment visitor infrastructure got a welcome boost recently as Enterprise M3 awarded £2.5 million from the second round of its Growing Enterprise Fund to Farnborough International Limited. This funding is being used to construct 5,000m² of flexible building units that can be configured on an event-by-event basis to suit users' needs. These buildings will be used initially for the 2014 Farnborough International Air Show with the opportunity to host an increased number of events. **We have also received an initial proposal for a permanent major international event venue on this site, which could provide 20,000m² of high quality events space together with meeting conferencing and circulation areas and could bring in £10m private sector investment.**



Construction of flexible building units at the site of Farnborough Airshow

- 2.57 Whilst this is a demonstrable first step to achieving a major events space, further intervention is required to identify the best permanent location for this activity coupled with supporting accommodation. As stated by **Shaun Ormrod, Chief Executive of Farnborough International Ltd:**

“This funding is a really significant step in the delivery of our strategic vision for the Farnborough International Airshow. The developments will not only create world-class facilities for our aerospace customers during the airshow, but also a unique exhibition and event venue in the South East stimulating new business, employment and growth for the region. We are grateful for the commitment and support from Enterprise M3 and very excited to be able to offer our clients these new options.”

Shaun Ormrod – Chief Executive of Farnborough International Ltd

Growth Packages

- 2.58 Furthermore, reflecting the spatial focus of the delivery of our SEP, the SEP investments will focus on four Growth Towns and five Step-up Towns. Growth Packages combine projects for each of these places across the traditional themes described above i.e. housing, transport, innovation and enterprise and skills (see box below). This is **a new way of operating which we expect to yield results greater than the sum of its parts** as described in our Delivery Plan and will be complemented by our projects and 'asks' for the Sci:Tech Corridor as set out in Section 4.

Growth Package Interventions: Examples

Transformation of a Growth Town

Following the adoption of 'Woking 2027', the Borough's Core Strategy, Woking is primed for a new phase of rapid, sustainable growth with a £200 million package underway. LGF is being sought to address road capacity and rail bottleneck infrastructural constraints, which are acting as a genuine barrier to further investment and growth. In the short term LGF is being sought address (1) the most serious pinch-point in the centre of Woking including the construction of new pedestrian and cycle tunnels and (2) The project therefore involves development of a multi-modal transport interchange and approach improvements to Woking Station for all modes, including improvements to facilities for the Rail-Air coach, and pedestrian, cycle and taxi facilities.

Exploiting the untapped potential of a Step-up Town

Aldershot has a strong military heritage and is known worldwide as 'The Home of the British Army'. Changes to the defence estates requirement have provided the town with a unique opportunity to expand. This is expected to increase the existing population of 36,320 by 8,000 and increase the number of households from 13,890 to 17,740.

The vision for Aldershot will be delivered through a comprehensive strategy and roadmap which outlines short, medium and long-term projects. Rushmoor Borough Council is already taking forward over £4.5m worth of projects including urban realm improvements, Aldershot Enterprise Centre and the Rushmoor Skills and Employment Zone (RESZ) and is seeking LGF funding to accelerate delivery of town centre housing and regeneration around the station. This will 'tip' key schemes into viability and enable broader private investment, public value and sustainable facilities to be realised.

"The Aldershot Urban Extension represents an exciting opportunity to expand and develop the town, and we are working hard to ensure it brings lasting benefits to the whole of Aldershot. I am delighted that Enterprise M3 has supported the Activation Aldershot bid – the three projects will make a huge difference to the look and feel of the town, improve access into and throughout Aldershot and boost the town centre, giving families more reasons to consider living here. The funding provides the foundations for a comprehensive programme of regeneration that will encourage new investment and drive growth for years to come." **Cllr Peter Moyle – Leader of Rushmoor Borough Council**

2.59 Figure 2.5 lists all nine proposed Growth Packages and further detail can be found within Growth Packages templates.

Figure 2.5: Area-based Growth Packages

Growth Towns	
Basingstoke	• A package of highways projects to improve capacity and support housing development such as the Basingstoke North and SW Corridors to Growth schemes • A sustainable transport package to improve access to the town centre and rail station • Construction Training Centre Improvements at Basingstoke College. • A new railway station at Chineham
Farnborough	• A package of highway projects to address congestion in Farnborough such as the capacity improvements on the A325, A327 and A3011 • Sustainable transport package to improve access to Blackwater Valley, Farnborough Business Park and the town centre • University Centre Farnborough • The creation of a new Regional Centre of Excellence for Aerospace and Defence
Guildford	• A sustainable transport package for Guildford and a package of highways projects including improvements to the Guildford gyratory and a Sustainable Transport Package • Guildford College “Digital by Default” Skills Capital proposal. • Collaboration with partners around the 5G Centre of Excellence to exploit the potential of the University of Surrey and the Research Park.
Woking	• An investment package to tackle major congestion issues including Victoria Arch capacity improvements, • A sustainable transport package, and A320/2 road improvements to help progress plans to accelerate housing delivery for Woking including the regeneration of Woking Town Centre. • Multi-modal interchange at Woking rail station.
Step-up Towns	
Aldershot	• Collaboration with partners to ensure the successful delivery of the Wellesley development as a result of the release of MoD land at Aldershot • Town centre regeneration to unlock housing, alongside new retail, cultural and leisure uses • A sustainable transport package, including improvements to Aldershot Railway Station Access and Interchange

Andover	• The development of a Technology and Skills Centre focusing on 14-16 year old learners from school and 16-18 year old full time and apprenticeship learners. • Sustainable transport package • Andover rail station upgrade to provide 200 extra car parking spaces, enhance access routes and upgrade platform waiting facilities.
Camberley	• Regeneration measures to support development of the town centre • Highway improvement schemes to ease congestion on the A30/A331 corridor and the M3 approach scheme • Sustainable transport packages for Frimley and Camberley
Staines-upon-Thames	• Transport schemes for the Staines-upon-Thames Bridge widening • The Wider Staines-upon-Thames sustainable transport package, aimed at improving access to Heathrow and employment sites • Improvements at the Runnymede roundabout which will improve connectivity through this gateway to Staines-upon-Thames • Proposed development of new facilities at Brooklands College (Ashford Campus)
Whitehill & Bordon	• Collaboration with partners to deliver houses and jobs in advance of the MoD withdrawal in 2015 to stimulate growth. • Inner Relief Road to accelerate development and regeneration of green town, and development of housing and large scale. commercial and retail development • Sustainable transport package • Construction skills centre to support development of town. • Business and Enterprise Centre to attract entrepreneurs and support local start ups

3. Resources and Impacts

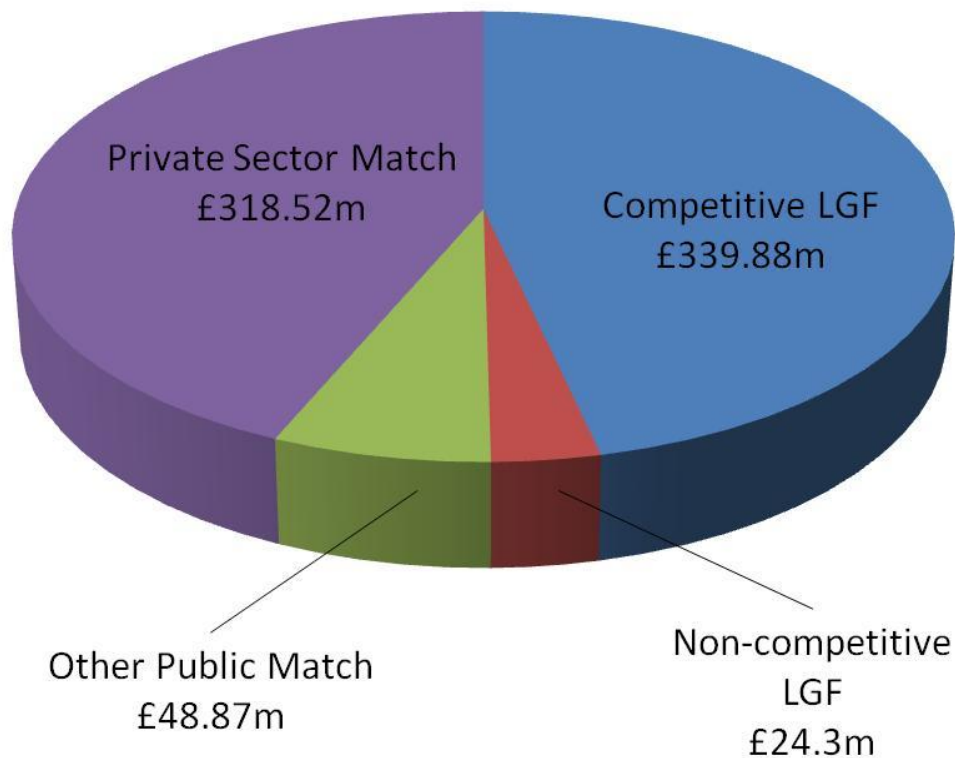
- 3.1 The funding and activities set out in the SEP, our Delivery Plan and the EUSIF will combine both public and private funding.
- 3.2 To deliver our plan, the LEP and in particular the Enterprise M3 Leaders Board will work closely with our partners in the future to align central government, EU and private sector investments with local authority investments and in-kind and funds' contributions from our education institutions and other research establishments.
- 3.3 Enterprise M3 has received a notional allocation of European funding for ERDF and ESF of €45.7m (£38.54m) for the period 2014- 2020 and a further €5.58m (£4.5m) for EAFRD. This is to be allocated as follows:

Figure 3.1: Indicative Allocation of Enterprise M3 EU Funds

Enterprise M3 Strategic Action	£m	%
Enterprise	10.62	28%
Innovation	6.33	16%
Low Carbon/Sustainability	4.24	11%
Skills	8.00	21%
Employment	5.59	15%
Social Inclusion	3.85	10%
TOTAL ESF/ERDF	38.54	100%
EAFRD (Rural)	4.47	
OVERALL TOTAL	43.01	

- 3.4 Our Delivery Plan provides full details of our proposed Local Growth programme for the period 2015-21. As shown in Figure 3.2, we are seeking £339,883,000 from the Local Growth Fund to support a total investment programme of £726,429,000

Figure 3.2: Enterprise M3 Proposed Local Growth Fund and Match Funding



- 3.5 Figure 3.3 provides an overview of our proposed allocation of Local Growth Fund for the **period 2015-2016**. More detail is provided in the spreadsheet within our delivery plan.

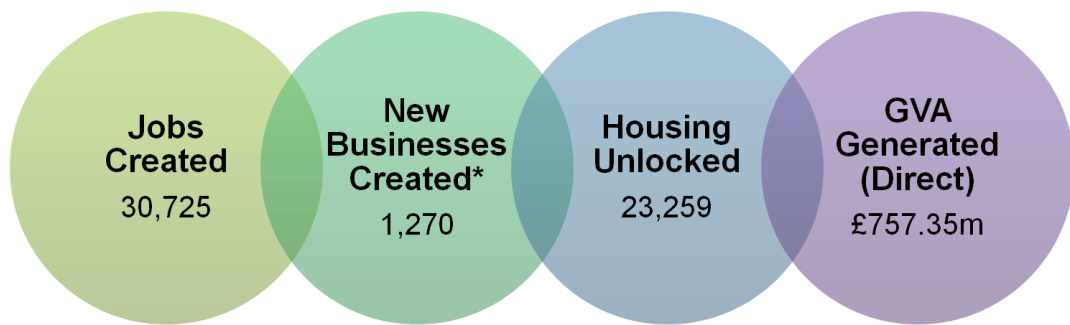
3 Figure 3.3: Enterprise M3 Proposed Allocation of 2015-16 LGF

Investment	£m	%
Transport (addressing congestion)	27,174,333	37.8%
Skills Capital	14,051,000	19.6%
Housing (unlocking housing sites)	22,860,000	31.8%
Innovation & Enterprise	7,800,000	10.8%
TOTAL	71,885,333	100%

- 3.6 A suite of outputs and results are to be delivered against the overall Local Growth investment programme. Figure 3.4 presents the principal outputs of the Local Growth

programme that include job creation, new businesses created (this figures is indicative only), housing unlocked and an estimated £757 million of direct GVA.

Figure 3.4: Local Growth Expected Outputs 2015-2021



*indicative figure

3.7 In addition to this, our interventions will:

- Create 2,188 temporary jobs in construction;
- Unlock nearly 300,000m² of additional retail and office floorspace; and
- Lever in £3bn of private sector investment across the area.

3.8 Further detail around the economic outcomes that will be realised from our investment programme can be found within the spreadsheet within our Delivery Plan and within the attached detailed intervention templates included alongside.

4. Freedoms and Flexibilities

There are a number of circumstances where more (non-financial) freedoms and flexibilities would help us deliver more effective outcomes at a reduced cost. We have discussed these with relevant Government Departments.

- 4.1 Freedoms and flexibilities that would enable us to deliver in an effective, efficient and co-ordinated manner are described below

Innovation and Enterprise

- 4.2 **In order for the Growth Hub to have optimum effectiveness, we need the Government to work with us to ensure national providers work alongside us including UKTI and the Growth Accelerator programmes.**

Customers will get a much more co-ordinated service and we will be able to deploy the best mix of resources to meet their needs.

The aim of this approach will be to break down artificial barriers between support programmes and to join-up delivery alongside more local initiatives to provide the continuum of support businesses need to get established and grow. With the necessary freedoms, flexibilities and, equally important, positive encouragement from their parent departments, national programme deliverers will effectively operate as a single team also incorporating local business support resources.

The concept would be developed of a lead account/relationship manager for each target business/sector thus simplifying the process for the business customer and ensuring they get the support they need when they need it and as a flexible package rather than a series of separate interventions each with its own administrative burden.

To be fully effective national and local delivery partners will need to agree and implement a shared customer relations system to underpin joined up delivery and avoid the problem of multiple approaches to businesses by support providers. The sharing of market intelligence information and other data, ideally through a jointly owned portal, would also enable better targeting of interventions and the identification of business opportunities. National programme deliverers would need to provide data sets, for example on exports (including services) on an LEP basis.

- 4.3 **Enterprise Zone-type powers to promote business investment in key locations and sectors identified in the SEP including through early involvement in the recently announced University Enterprise Zones initiative.**

The flexibilities required relate, for example, to the retention of Business Rates and the potential, through the Universities Enterprise Zone initiative, to support provision for premises and other space for small businesses and start-ups. These approaches would be used to promote the development of research, innovation and business clusters linked to universities/FE colleges and research-intensive corporates. We appreciate that the University Enterprise Zones will initially be run on a pilot basis and that a competition will be held in the New Year to select 3 to 4 pilot zones. We believe that Enterprise M3, with our university and business partners, will be in a strong position to submit a proposal for a pilot zone that, as well as supporting our SEP

priorities would provide an excellent demonstration project to inform the further roll-out of the initiative.

We believe this funding would allow us to attract new high-tech companies that might not otherwise invest deepening university business links and encouraging businesses with innovation potential to engage with our universities.

4.4 Provision of detailed information on data UK fibre coverage and simplifying the identification of suitable providers to help companies find broadband solutions for their business.

This will help us identify areas of weak or no coverage and ensure companies get the best and most suitable broadband support.

Skills

4.5 Active support for our commitment to take on devolved management and resources for the relevant area based contract for the National Careers Service to develop an integrated approach to careers information, advice and guidance.

This freedom/flexibility would be used to develop an integrated approach to careers' Information, Advice and Guidance ensuring effective promotion of STEM skills and related career pathways including higher-level apprenticeships with maximum employer involvement. It would need to be supported by:

4.6 More flexibility for schools and colleges to use financial and other resources to promote a wider range of pathways for young people (14-19).

We want this flexibility so that the link between local employment opportunities, employer requirements and local skills is much more explicit and in tune with each other. This would comprise of more integrated academic, professional and technical pathways and blended learning packages delivered across schools, colleges, HE, private sector training providers and employers.

4.7 Positive recognition for vocational pathways in funding and inspection frameworks.

Vocational and applied pathways offer a route to develop a full range of employability skills for young people. The UKCES Employer Skills Survey identified that large number of employers feel that employment skills in young people should be developed further. We want to ensure that the good work that vocational education is doing to prepare young people for future employment is recognised in funding and inspection frameworks.

4.8 Flexibility to use LGF funding to develop innovative programmes that need revenue support, for example, around STEM skills and higher-level vocational pathways, to complement skills capital investment.

We have developed a series of proposals to utilise European Social Fund to support skills development. However, there is considerably more that could be done to develop innovative STEM programmes and higher apprenticeships to support our growing businesses, which would work in tandem with our skills capital proposals.

4.9 Direct support from the Department for Education for the University Technical College in Surrey.

The University Technical College (UTC) will be a brand new facility, equipped to the highest standard, developing young people's skills in STEM subject areas which employers in EM3 have highlighted as in demand. The UTC will be designed with employers, with state of the art facilities and will be an all ability high performing school, producing excellent results and achieving full progression with zero NEET young people. Young people will be learning, often in a business environment, developing key employability and technical skills and every student will have a clear progression pathway to FE, HE, Higher Apprenticeships or employment. We believe that this scheme would transform the way that technical and vocational skills are delivered for young people and businesses.

4.10 A strong commitment for the active participation of Government agencies, particularly JCP, in greater localisation of welfare to work employment programmes and support.

Building on our existing relationships with organisations, including JCP and DWP, we believe that there is greater scope to localise existing welfare to work programmes. Working with our partners, including local authorities, schemes would be tailored to the areas of greatest need and would be informed by local knowledge on emerging local employment opportunities.

4.11 An investment agreement to use some of the multi-million pound savings from reduced benefit claims and associated costs to pump prime the programme.

Through our commitment to achieving full participation of 16-19 year olds, we can demonstrate cost savings of £14m over the plan period. These savings could be invested into employability and training schemes in the area

Transport

4.12 A formal duty to cooperate between national agencies (e.g. Highways Agency, Network Rail) and the LEP and its partners covering medium and longer term planning and resources alignment around transport priorities identified in the SEP.

The duty will specifically relate to planning to optimise economic outcomes through collaboration and coherent approaches that deliver increased efficiency and effectiveness. This will encompass a duty to work with the County Councils to deliver a joined-up approach to investment in all components of the strategic transport network and to bring together planning and resources for investment in major maintenance with that for improvements.

This approach would be applied in particular to strategic transport corridors (both road and rail) including the M3 corridor and strategically important schemes such as the North Downs Line, Crossrail 2 and improved surface access to Heathrow.

A key feature of the duty to cooperate would relate to a binding commitment to give at least equal weight in targeting transport investment to unlocking economic development (e.g. through enabling private sector investment in housing and employment sites) as is given to other transport investment objectives.

4.13 Investment in major infrastructure schemes to deliver better rail connections to London, better airport surface access and reduced road congestion.

- 4.14 To expand capacity at Heathrow, to maintain its status as the UK's hub airport, through the provision of additional runway and terminal capacity, with associated surface access improvements.**

This is fundamental to supporting jobs and attracting and retaining businesses within the area.

- 4.15 To commit to the accelerated delivery of our strategic transport asks, set out in Figure 1.3 and, in particular, to the A3 Strategic Corridor improvements near Guildford and Junction 9 of the M3.**

These schemes are key to maintaining connectivity in the area but are not currently in the committed forward programme of the Highways Agency. We would be willing to explore options about how this is achieved including the potential use of some local funding to accelerate the delivery of strategic schemes and have had promising conversations with strategic transport partners around this already.

- 4.16 Support us in our ask of Network Rail to bring forward delivery of schemes such as the Woking Flyover to before Control Period 6, and of train operators to provide greater capacity at railway stations, both in terms of longer trains and more services.**

Housing

- 4.17 Developing future revenue streams to support early investment in infrastructure.**

This would bring forward development, for example, through the opening up of access and provision of utility capacity or green infrastructure. It would also therefore de-risk private sector investment which is a key underpinning requirement of the SEP ambition.

This funding would enable early provision of infrastructure where CIL funding is not an option. As well as the economic benefit generated, reducing the risk to the private sector investment would also increase disposal receipts to the Exchequer from, for example, surplus MoD land. This could be through various mechanisms including Tax Increment Financing (TIF). To illustrate this, in the case of Whitehill & Bordon, the ability to capture future revenue from business rate growth could support up-front borrowing to deliver infrastructure and advance development on surplus MoD land prioritised in the SEP. This would not only improve development prospects but would also increase land values returned to the MoD.

- 4.18 Formalise and further develop joint working between HCA and the LEP and its partners through a duty to cooperate.**

The duty to cooperate would build on existing good practice to provide a more formal structure for joint planning and investment by the HCA and the LEP. We already have an excellent working relationship with HCA. This approach would be focused on delivering the development of priority sites for housing and employment identified in the SEP with the aim of gaining maximum leverage and growth from the investment involved. The strength of the HCA/LEP relationship (alongside the parallel relationship with the Highways Authority) would also create a strong partnership for influencing the investment plans of the utility companies in support of bringing forward prioritised sites to unlock growth.

- 4.19 Freeing up regulatory constraints on housing, for example those concerned with obtaining Suitable Alternative Natural Greenspace (SANG) for those authorities near to the Thames Basin Heath Special Protection Area (THBSPA).** We ask Government to support the work of Natural England to ensure that a range of appropriate and flexible mitigation measures are put in place to ensure that accelerated growth can be delivered without it being at the expense of, or curtailed by, the Special Protection Areas. A number of our Local Authorities have told us about the barrier that SPA mitigation (in the form of Suitable Alternative Natural Green Space) currently poses to development. This is something we would hope to have an early discussion around in Growth Deal negotiations.

Additional Revenue Funding Needed

4.20 Rebalancing of EU funding to address lack of revenue

Following the announcement in the Chancellor's Autumn Statement in December 2013 that the New Homes Bonus would no longer form part of the LGF pot, resulting in a lack of revenue funding within the Fund, we undertook a thorough re-examination of the way in which EU funds could be used to support our revenue activities. In doing this, we rebalanced our EU funding allocations, so that 55% of the funds went into innovation, enterprise and low carbon activities. We also increased the allocation for SME competitiveness activities, including the Growth Hub, from £7.71m to £10.66m. We have £6.3m ERDF going into innovation activities along with aligned low carbon ERDF spending.

Although we have mitigated the impact of the removal of revenue funding to some extent through reallocation of our EU funds, further revenue funding is needed to realise our innovation and enterprise ambitions. To offer an optimal Growth Hub, offering maximum impact for businesses within the area, additional revenue funding through the LGF of £8m, alongside EU funding of £10.66m. This would allow the Growth Hub to perform at its optimum with increased support for business and subsequent job creation and growth. In addition to this, revenue funding of £5m to fund work around supply chains, skills and infrastructure cannot be completed without this funding. Further detail around this 'ask' is provided within the relevant templates at Annex A of the Delivery Plan.

5. Cross-LEP Collaboration

- 5.1 We recognise that there is a pressing need to work across LEP boundaries around some interventions in order to work together on key sector strengths, jointly promote and lobby on common issues and collaborate to achieve strong value for public money.
- 5.2 Our Level 3 strategic infrastructure interventions will result in positive impacts felt across one or several LEP boundaries and we are working with our LEP neighbours around the promotion of these. Figure 5.1 below indicates the LEPs that will feel a particular benefit as a result of each of our strategic infrastructure projects:

Strategic Cross-LEP Infrastructure Schemes	Cross-Border Impact
Guildford A3 Strategic Corridor Improvements	Solent
M3 Junction 9 Improvements	Dorset, Oxfordshire, Solent Swindon & Wiltshire, Thames Valley Berkshire
A3/M25 Junction to Wisley Interchange	Buckinghamshire Thames Valley, Coast to Capital, London, Solent, South East, Thames Valley Berkshire
A31 Ringwood Junction with A338	Dorset, Solent
Southern Rail Access to Heathrow	Coast to Capital, Dorset, London, Solent
Electrification of North Downs Railway Line	Coast to Capital, Thames Valley Berkshire
Woking Junction Rail Flyover - grade separation	Dorset, Solent
Guildford Railway Stations	Coast to Capital, Solent, Thames Valley Berkshire
South West Main Line Capacity Improvements (inc Crossrail 2) -	Dorset, London, Solent
A3 Strategic Package - NE Guildford	Solent
River Thames Scheme - Datchet to Teddington	London, Thames Valley Berkshire

- 5.3 In addition to this, we have also worked with the Greater Thames Valley Six (GTV6) LEP to champion this key area of the British economy and to work across boundaries to support business to flourish. These areas of collaboration are set out below.

Greater Thames Valley 6 Collaboration

- 5.4 The LEPs making up the GTV6, are Thames Valley Berkshire, Buckinghamshire Thames Valley, Enterprise M3, Oxfordshire, Coast to Capital and Hertfordshire. The GTV6 area is worth £193bn or 14.4% of the national economy. Contained within its boundaries are over 330,000 businesses providing 3.1m jobs. We are working with the GTV6 LEPs to enhance the global credentials of the Greater Thames Valley as the most productive area in which to establish, run and grow a business in the 21st Century.

Some examples of GTV6 LEP areas of collaboration are as follows:

- 5G Innovation Centre (5GIC) linked to our 5G Arrow Project: GTV6 are working with the University of Surrey and major telecommunications companies to maximise the opportunities for local businesses arising from 5G through the development of the 5GIC test bed. This joint venture will bring together local businesses, other universities and national and local business services providers, to ensure local business is ahead of the curve; that we establish a cluster of expertise in the GTV6 area that attracts new business and impacts from this collaboration extend across the country. Investment by GTV6 partners will complement investment in our 5G Arrow Project; Digital Infrastructure: sharing best practice on achieving 100% Next Generation Access (after BDUK work has completed) and that businesses have access to globally competitive broadband speeds;
- EU Programmes: collaborating on EUSIFs, working together on key sectors such as film, digital media and the rural economy, sharing project ideas, considering efficiencies in the management and delivery of the programme, through to more strategic collaborations, including bidding as a group for other EU programme funds to support our plans .;
- Transport (Road & Rail): working together and lobbying on road and rail issues, including positioning ourselves as powerful and influential partner in ongoing dialogues with the Highways Agency on the Route Based Strategies and Network Rail on their plans for future control periods ;
- Growth Hub: sharing best practice in business support and in activities to signpost businesses to the support they need, such as web portals.
- Inward Investment: collective promotion of the Greater Thames Valley and influencing the support provided through UKTI;
- Housing: sharing approaches and innovative thinking on the acceleration of affordable housing across boundaries. Exploring the impact of growth in employment opportunities on the wider workforce, mobility of labour and the availability of housing. Working with developers, housing associations and local authorities on future housing needs accepting that LEPs are not Local Planning Authorities and not tasked with housing development,;
- London and other LEP areas : Working with other LEPs across the country and especially with London where GTV6 LEPs adjoin 60% of London's boundary and where there are a number of collective areas to explore from transport to access to finance, labour mobility; business growth and jobs;
- Airport Capacity: working on common issues to improve air capacity and surface access into the GTV6 area, although the options identified by the Airport's Commission will not be supported by all GTV6 LEPs.
- Developing a joint proposal on three ex-SEEDA fund / legacies held by the British Business Bank which have a cash value of £0.3m and an investment portfolio that may generate a return of c.£6.8m between 2014-20.

5.5 We are working with Solent LEP on a joint skills proposal at Brockenhurst College which serves both Solent LEP and Enterprise M3.

5.6 Alongside this, we are also aiming to identify synergies with other LEPs in order to effectively identify opportunities to achieve greater value for public money. We intend to have further discussions around this as part of our Growth Deal negotiations.

6. List of Annexes

- A. Enterprise M3 Economic Profile
- B. Letters of Support – MPs
- C. Letters of Support – Businesses and other organisations
- D. Annual Report 2013/14
- E. List of Organisations Consulted
- F. List of Supporting Studies



enterprise**m3**

Enterprise M3

Hampshire County Council, The Castle, Winchester, Hampshire SO23 8UJ
T. 01962 846755 E. info@enterprisem3.org.uk www.enterprisem3.org.uk

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