ENTERPRISE M3 GROWTH DEAL

The Enterprise M3 Growth Deal aims to drive growth by investing in key infrastructure projects to improve connectivity across Hampshire and Surrey in support of the Sci:Tech corridor, by strengthening science, technology, engineering and maths (STEM) and construction skills - helping young people to capitalise on the area's science and technology credentials and new housing developments, and by supporting new small and medium enterprises. The LEP will also get greater freedoms and flexibilities to support a more strategic approach to the release of public sector land and business support.

The Growth Deal, subject to a satisfactory conclusion of the funding agreement, will bring together local, national and private funding as well as new freedoms and flexibilities to focus on four key priority areas as identified in the LEP's Strategic Economic Plan, 'Working for a Smarter Future':

- Supporting innovation and enterprise
- Growing the skills base
- Accelerating housing delivery
- Enhancing urban and rural connectivity

The Enterprise M3 LEP has secured £118.1m from the Government's Local Growth Fund to support economic growth in the area – with £29.4m of new funding confirmed for 2015/16 and £31.3m for 2016/17 to 2021. This includes:

- as part of the Government's ongoing commitment to the Enterprise M3 LEP a provisional award of a further £33.1m of funding for projects starting in 2016 and beyond; and
- £24.3m of funding which the Government has previously committed as part of Local Growth Deal funding to the area.

This substantial investment from Government will **bring forward at least £310m of additional** investment from local partners and the private sector. <u>Combined together this will create a total new investment package of £428.1m for the Enterprise M3 LEP.</u>

By 2021, this Deal will create at least 5,000 jobs and allow 3,000 homes to be built.

The Enterprise M3 LEP area stretches from the hinterland of London to the New Forest covering mid to north Hampshire and South West Surrey. The LEP area brings together business leaders from 14 district authorities across two counties and has four major interconnected urban centres known as 'Growth' towns: Woking, Guildford, Farnborough and Basingstoke and five 'Step-up' towns: Staines upon Thames, Camberley, Aldershot, Whitehill and Bordon and Andover.

Summary of Enterprise M3 LEP Growth Deal projects and funding

The Enterprise M3 LEP Growth Deal brings together different funding streams designed to support local growth with a share of the new Local Growth Fund.

Enterprise M3 LEP Local Growth Fund breakdown (£m)			
	2015/6	2016 onwards	Total
Local Growth Fund award	29.4	31.3	60.7
Previously committed funding	5.6	18.7	24.3
Provisional allocation to projects starting in 2016/17 and beyond	-	33.1	33.1
Total	35	83.1	118.1

The Local Growth Fund award includes increases to the Housing Revenue Account borrowing limit for Guilford Borough Council by £360,000 to help support the development of new affordable homes. The table above also includes an increase to the Housing Revenue Account borrowing limit for *Winchester City Council by £359,969 to help support the development of new affordable homes. As this is also captured in the Solent LEP Growth Deal, £0.2m has been added to the table above.

*The Winchester Housing Revenue Account figure is also captured in the Solent Growth Deal

These totals exclude match funding for European Social Fund skills activities. The total amount of European Social Fund skills activity LEPs have planned in their draft strategies over the 7 year programme is currently just over 1 billion euros. Actual skills European Social Fund match will be used on the basis of the skills activity which is delivered at LEP level according to their final strategies

Enterprise M3 LEP and Central Government have agreed to co-invest in the following jointly-agreed priorities:

- **5G Arrow Project** Development of a physical incubation and other space, as part of a joint project, led by Enterprise M3, across the Greater Thames Valley 6 LEPs to secure the future of a new cluster that builds on the area's world leading position as a centre of excellence in 5G technologies and research.
- Enterprise M3 Growth Hub Development of a Growth Hub that will provide a focussed and
 co-ordinated enterprise, innovation and skills support offer enabling all businesses, especially
 those in key sectors identified by Enterprise M3, to secure the connections they need via the
 private, publics and not-for-profit sector to start, grow and develop their business.
- Enterprise M3 Local Sustainable Transport This package covers capital transport improvements with a strong focus on improving the quality of sustainable forms of transport e.g. railway station access.
- Suitable Alternative Natural Green Space Pilot, Camberley Pilot project to purchase Suitable Alternative Natural Green Space (SANGS) land to bring forward 1300 new homes in Surrey Heath.
- Ashwood House, Camberley Part of the wider regeneration of Camberley town centre, this
 project will see the redevelopment of redundant commercial space into new retail and
 residential space.
- Andover Technology and Skills Centre A new Technology and Skills Centre at Andover College focused on sectors where local employers have an employment/skills need.
- Basingstoke North Corridor A340 Partial dualling of the A340 that will reduce business based congestion and bring forward housing development in the Basingstoke area.
- Brockenhurst College Upgrading of existing Further Education estate with a new state of
 the art science, technology, engineering and maths (STEM) facility. The facility will provide
 support to local businesses and improve the efficiency of the college estate.
- Whitehill and Bordon Construction Skills Centre A new Construction Skills Centre to upskill the local labour force and meet the demands of new housing development in Whitehill and Bordon.
- **Brooklands College, Ashford -** New state of the art teaching accommodation to support the Enterprise M3 Skills and Employment strategy with a focus on apprenticeships.
- **Victoria Arch, Woking -** Addresses a serious pinch-point in the centre of Woking by constructing new pedestrian and cycling tunnels on Woking's main arterial route.

Pre-allocated Local Transport Body funding is also delivering the following schemes:

- Whitehill & Bordon Relief Road This project delivers a relief road for Whitehill and Bordon
 and a series of complementary measures to the A325 to enable strategic growth and support
 a buoyant town centre.
- **Guildford Gyratory** A corridor package of specifically targeted interventions in line with the outcome of the Guildford Town and Movement Access Study.
- A30/A331 Corridor Improvements; Surrey Heath A redesign of the Meadows Gyratory to provide improvements to the road network in Camberley.
- Basingstoke North Eastern Corridor to Growth Improvements to the key transport route between Basingstoke and Reading, supporting housing delivery and access to Chineham business park.
- Runnymede Roundabout Enhancements to the layout and addition of signalling at Runnymede Roundabout to improve traffic management and reduce congestion.

Local flexibility over Growth Deal programme: Enterprise M3 LEP has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable vision for growth in the area, and has established strong financial monitoring procedures and cross local authority collaboration. Government will disburse funds to the LEP annually in advance. The Enterprise M3 LEP will be expected to deliver the projects highlighted in the Deal, but will have flexibility over the management of these projects in order to deliver the greatest economic benefits to the area. Any significant changes to the projects will need to be discussed with the Government in advance.

The Growth Deal does not amount to an endorsement of everything in the submitted SEP. All development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.

The Enterprise M3 LEP Growth Deal

The investment secured by the deal will be focused on 4 key areas to deliver transformative growth:

Supporting innovation and enterprise: This deal will support the creation of a new 5G test-bed facility and incubation space needed to make this emerging 5G cluster a success. All of which will be supported by a new Enterprise M3 Growth Hub that will provide focused and coordinated business support to SMEs across the LEP area, helping them to grow faster and smarter by connecting them to larger companies, investors and overseas markets sooner than is currently possible.

The University of Surrey is home to world leading capability in 5G mobile communications technology. Enterprise M3 are leading a project across the Greater Thames Valley Six LEPs to make the 5G test-bed facility available to local businesses across the LEP area, all supported by new incubation space needed to enable SME growth. 5G has already secured over £53m in private sector funding in response to an earlier investment from the Higher Education Funding Council for England (HEFCE), this latest investment will be the catalyst for more private sector support and cement the UK's global status in 5G.

This deal also confirms Enterprise M3's participation in the Government's business support simplification pilot which includes a grant of £40,825 in 2014/15. Enterprise M3 are committed to challenging duplication of public sector business support and aligning enterprise, innovation and skills support from the private, public and not-for-profit sectors across the LEP area. Participation in this pilot coordinates perfectly with the creation of the Enterprise M3 Growth Hub. The new Growth Hub is supported by capital and revenue investment from Government in 2015/16.

Enterprise M3 LEP commitments

Lead a partnership that will secure investment of £60.2m in the 5G Arrow project

- Provide £4m of funding (£2.7m of EU/ERDF, £1.1m of UKTI/Growth Accelerator opt-in match and £120k of private sector) funding in 2015/16 to support the delivery of the Growth Hub
- Provide a clear model for coordinating and simplifying business support so that it joins up national, local, public and private support and creates a seamless customer experience for businesses, which makes it easy for them to get the right support at the right time
- Support extension of superfast broadband coverage to 90% of UK premises by 2016, via existing broadband projects. The LEP will commit to work with local partners and BT to support delivery. To support the extension of superfast broadband coverage to 95% of UK premises by 2017, the LEP will also work with local partners to help ensure match funding is in place for the next round of projects

Central Government commitments

- Invest £5m in the 5G Arrow Project (with a commitment to £1m in 2015/16 and £4m between 2016-21)
- Invest £600,000 of capital funding to enable the LEP to set up a new growth hub (with a commitment to £100,000 in 2015/16 and £500,000 between 2016-21)
- Provide £350,000 of revenue funding to the LEP for growth hub business support coordination in 2015/16, subject to the growth hub meeting minimum conditions that reflect the position agreed by the Government review on business support and services
- Work with the LEP as part of a pilot to map, review and rationalise local business support schemes. Provide a grant of £40,825 in 2014/15 to support the LEP's participation in this pilot
- UKTI will commit to effectively communicating
 its strategic priorities to LEPs and where
 possible help them access relevant
 opportunities. UKTI has doubled the number
 of Partnership Managers to 16. This will
 ensure that UKTI can work more closely with
 LEPs and help build their capability to secure

The Technology Strategy Board recognises the important and valuable role that LEPs are playing in promoting and supporting innovation, and is committed to developing strong and effective relationships with LEPs both individually and collectively to build on this. The Technology Strategy Board is committed to supporting LEPs in developing the emerging Growth Hubs and in exploring how LEPs can help drive up local business awareness and engagement in Technology Strategy Board programmes and initiatives

Growing the skills base: This investment of £30.2m in skills, with over £12m from Government, will enable young people from across the Enterprise M3 area to acquire the construction skills necessary to meet the demand from new housing developments, reduce the number of young people not in education, employment or training (NEETs) and develop the science, technology, engineering and maths (STEM) capabilities needed to support the area's thriving Sci:Tech businesses.

Investment in Brockenhurst College will deliver state of the art science, technology, engineering and maths (STEM) facilities that bring businesses and students together. This project will strengthen science, technology, engineering and maths (STEM) skills and increase employment opportunities in the Enterprise M3 and Solent LEP areas. Investment in Brooklands College Ashford will focus on developing skills in high priority sectors including construction, healthcare, and retail. Developing a Construction Skills Centre in Whitehill and Bordon will enable local young people to take advantage of the planned acceleration in housing development and a new Technology and Skills Centre at Andover College will replace ageing Further Education estate with state of the art facilities.

Enterprise M3 LEP commitments	Central Government commitments
 Invest £3.8m in the Andover Skills and Technology Centre by 2021. Invest £6.3m in Brockenhurst College; 	 Invest £2.6m in the Andover Skills and Technology Centre, with a commitment to £2.2m in 2015/16.
 Invest £800,000 in the Whitehill and Bordon Construction Skills Centre by 2020. 	 Invest £3.2m in Brockenhurst College, with a commitment to £2.1m in 2015/16 and £1.1m in 2016/17;
Invest £6.4m in Brooklands College Ashford by 2017/18.	 Invest £4m in the Whitehill and Bordon Construction Skills Centre, with a commitment to the full amount 2015/16.
Deliver some 1,500 additional learning opportunities a year with a strong focus on increasing the number of apprenticeships (including higher)	• Invest £3.1m in Brooklands College Ashford, with a commitment to £2.1m in 2015/16 and £1m 2016/17.
apprenticeships) and meeting employer demand for STEM, construction and higher-level skills more generally.	Work with Enterprise M3 LEP to help ensure that local employer priorities are fed into the operations of the new National Careers Service providers in the Enterprise M3 area.
Facilitate stronger linkages between	Through the Skills Funding Agency (SFA), will

education providers and local businesses.

- Work with relevant local stakeholders to identify and communicate local priorities, and communicate and align the local offer to the National Careers Service (NCS) providers ahead of the new service's rollout in October 2014 in order to augment the service.
- Open up new jobs associated with the Local Growth Fund to local unemployed and long-term unemployed people working closely with local and national back to work initiatives. This would be part of a wider expectation that local areas use the Social Value Act, drawing on best practice across local councils and central expertise in maximising social value.
- · Local Enterprise Partnerships are wellpositioned to enhance the current Careers Information, Advice and Guidance offer by influencing the shape of provision so that it meets the needs of the local economy. Moreover, they have the ability to link employers with education providers; can have strategic influence over skills supply; and have the ability to coordinate local services towards a shared goal. To achieve this, Enterprise M3 will facilitate stronger linkage between education providers and local businesses. We will also work with relevant local stakeholders to communicate our priorities and align our offer to the National Careers Service (NCS) providers ahead of the new service's roll-out in October 2014 in order to augment the service.
- Improving skills levels is a key factor in stimulating local growth and taking advantage of new economic opportunities. Government is committed to ensuring that adult skills provision is increasingly responsive to the needs of business and supports local economic growth and jobs. To achieve this the LEP will consider skills implications as part of decision taking on growth strategies, will clearly articulate and evidence their skills priorities in the light of strategic national

- support the process to ensure that provision meets local priorities and that increasing responsiveness is delivered through a threepronged approach:
 - Procurement of new provision: LEPs will be involved throughout the process and providers' track records against LEP requirements will be considered as part of this assessment
 - Accountability: Providers will be required through their funding agreements with the Agency to explain to LEPs details of their provision and planning and we are testing ways in which they can be most effectively held to account for being responsive to local economic priorities. The Skills Funding Agency is also trialling Skills Incentives Pilots from 2014/15 in Stoke and Staffordshire, the North East and West of England, designed to explore the mechanisms through which providers will account to LEPs for delivery.
 - Allocations and Intervention: In future years providers' records in delivering to LEP requirements will be taken into account when setting allocations and triggering interventions. From 2015/16 the Skills Funding Agency will take into account the outcomes of the Skills Incentive Pilots in Stoke and Staffordshire, the North East and West of England, in making allocations to those providers in scope; subject to evaluation of the pilots, these mechanisms will be rolled out to other LEPs in future years.
- Government will set out revised information for LEPs on how they can take advantage of this approach and options for seeking advice if provision is not responsive to their needs. The Skills Funding Agency will publish information during summer 2014 on how LEPs can influence the use of all skills budgets in their localities, and the steps they can take if they are dissatisfied

and local growth opportunities and communicate them to the FE and skills sector, will positively engage the FE and skills sector in key strategic partnerships and will recognise where the private sector has a responsibility to invest in skills provision and work with business and the skills system to realise that investment.

with the pattern of delivery.

 Government will seek to improve the provision of skills data for LEPs and will develop and publish new reports that will quantify and assess responsiveness to local skills needs. In the summer of 2014 the Skills Funding Agency will provide all LEPs with a data set that updates them on the provision delivered in their areas.

Accelerating housing delivery: The deal provides a strategic and long-term approach to accelerating housing delivery across the Enterprise M3 area through mixture of capital investment and new freedoms and flexibilities for a Public Sector Land Board. This will support an acceleration of up to 25% in housing delivery (against the previous 10 year baseline) over the next 10 years.

Government will invest £10m to support housing development in Surrey Heath and the regeneration of Camberley town centre, an area where environmental constraints are a barrier to housing delivery.

Enterprise M3 LEP will establish a new Public Sector Land Board, bringing together the public and private sector, to support a more strategic approach to the release of Public Sector Land across the area. In order to examine the issues around new housing development in the vicinity of the Thames Basin Heath SPA, Enterprise M3 and partners will a have meeting with senior representatives from Natural England to explore options for protecting the Thames Basin Heath.

Enterprise M3 LEP commitments

- Deliver 2750 new homes (1350 in Surrey Heath; 1400 at Basingstoke).
- Provide 3800m of refurbished retail accommodation.
- Bring commercial, private and public partners together on a strategic Public Sector Land Board to identify land for development and develop new flexible models for land release.
- Maximise the opportunities for new housing that exist on surplus public sector land and within the area's town centres.
- Build on the work of the One Public Estate pilot in Hampshire and Surrey.
- Provide secretariat support for the Public Sector Land Board.
- Commit to working with its local authorities to deliver the housing provided for in Local Plans.
- The LEP recognises the important role

Central Government commitments

- Invest £2m in Suitable Alternative Natural Green Space (SANGS) in Camberley;
- Invest £8m in the Ashwood House redevelopment scheme, with a commitment of £4.5m in 2015/16 and £3.5m in 2016/17.
- Increase the Housing Revenue Account borrowing limit for Guildford Borough Council by £360,000 to help support the development of new affordable homes and for Winchester City Council by £359,969 to help support the development of new affordable homes and hold further discussions with the authority about one other scheme they submitted.
- Natural England will work with Enterprise M3 to maximise impact of the LEP's SANGS investment on housing delivery;
- Senior representatives from Natural England will meet Enterprise M3 to discuss mitigation measures for the Thames Basin Heath Special Protection Area;
- If planning authorities within the Enterprise
 M3 area review their SANGS policy, Natural

- local plans have in delivering growth. Given the position on local plan-making in the area and the challenges relating to effective strategic cross boundary working, the LEP should commit to supporting the 14 local planning authorities in its area to ensure they positively engage with the Duty to Cooperate to deliver strategic planning priorities and that local plans are updated. The LEP is requested to feedback progress against timetables agreed with LAs as part of the LEP monitoring framework.
- The LEP recognises the important role local plans have in delivering growth.
 Given the position on local plan-making in the area and the challenges relating to effective strategic cross boundary working, the LEP should commit to supporting the 14 local planning authorities in its area to ensure they positively engage with the Duty to Cooperate to deliver strategic planning priorities and update their local plans in accordance with the timetable submitted as part of the LEP monitoring framework.

- England will work with them to explore alternative options for protecting the Thames Basin Heaths from residential development pressure.
- Support Enterprise M3 to constitute a Public Sector Land Board, in line with the principles of the One Public Estate pilot, to deliver a strategic approach to the release of public sector land.
- Engage with the LEP more widely to examine the potential to release government land and property to promote local economic growth and / or housing development.
- The Homes and Communities Agency (HCA) commits to support and have an ongoing dialogue with Enterprise M3 and its local authorities to promote demonstrator pilots in modern building methods and custom build on their land or other third party land. The HCA will also keep Enterprise M3 updated on progress with its custom build pilot at Park Prewett, Basingstoke.
- HCA will work with Enterprise M3 in support of their proposals for Whitehill & Borden, providing advice and capacity support where available to deliver the LEPs housing ambitions.

Enhancing urban and rural connectivity: The deal includes an investment package worth £100m that will release housing, reduce congestion and improve the quality of sustainable forms of transport across the Enterprise M3 area.

Government will invest over £25m in priority transport schemes. Investment in the Basingstoke A340 scheme will provide added capacity to Basingstoke town centre - reducing congestion and supporting the delivery of housing including at the new Manydown housing development. Improvements to the Victoria Arch in Woking will address the most serious pinch-point on the main arterial route between Woking and Guildford. This significant investment will be underpinned by commitments from the Highways Agency and Network Rail for more proactive engagement and to take into account the priorities of Local Enterprise Partnerships.

Government has also made provisional commitments to fund a suite of transport schemes in the outer years of this deal. This includes the tail of LTB priority schemes, projects which support sustainable transport and connectivity in Guildford and Woking. The Whitehill and Bordon scheme will release 4,000 new homes, 5,500 new jobs and will be complemented by Government's investment in the associated Construction Skills Centre.

Enterprise M3 LEP commitments	Central Government commitments
Invest £5.8m in Enterprise M3 Local	Invest £20.7m in Enterprise M3 local sustainable transport, with a commitment to

Sustainable Transport

- Invest £660,000 in the Basingstoke North Corridor A340 partial dualling in 2015/16
- Invest £2.5m in the Victoria Arch Woking scheme
- The LEP and partners agree for the LEP to take a more proactive role in consultation on long-term strategic road network planning and provide a co-ordinating role between constituent local authorities
- The LEP and partners agree to take a more proactive role in consultation on long-term rail planning and franchise specification; and provide a co-ordinating role between constituent local authorities.
- Progress on the development and delivery of the priority transport schemes identified by the Enterprise M3 Local Transport Body that are fundable within available pre-allocated Local Growth Fund resources.

£4.3m in 2015/16

- Invest £3.3m in the Basingstoke North Corridor A340 partial dualling, with a commitment to £2.34m in 2015/16 and a further £1m in 2016/17
- Invest £7.5m the Victoria Arch Woking scheme, with a commitment to £4.5m in 2015/16 and £3m in 2016/17
- Invest £24.3m of pre-committed LGF in the following LTB schemes: Whitehill and Bordon Inner Relief Road, Guildford Gyratory, A30/A331 Corridor Improvements (Surrey Heath), Basingstoke North Eastern Corridor to Growth, Runnymede Roundabout
- Commits to the following provisional allocations to projects starting in 2016/17 and beyond: top-up funding for the Whitehill and Bordon Inner Relief Road (£6.5m), Guildford Gyratory (£0.5m) and Basingstoke North East Corridor (£1.5m) LTB schemes, and funding for Guildford Sustainable Transport (£3.7m), Woking Station Improvements (£5.8m), Access to Guildford (£3.7m), Basingstoke South Western Corridor to Growth (£9.3m) and Junction Capacity Improvements in Farnborough (£2.3m).
- The Department for Transport and Network Rail commit to more proactive engagement of the Local Enterprise Partnership in the longterm rail planning process (e.g. Route Studies) and in rail franchise specification through targeted local engagement of the Local Enterprise Partnership as part of an enhanced consultation process. The Department for Transport also commits to encourage bidders for franchises to identify and take into account the priorities of Local Enterprise Partnerships and other key local stakeholders as part of the franchising process, and will also encourage Train Operating Companies to continue with, and enhance where possible, their engagement with Local Enterprise Partnerships as key local stakeholders.
- The Highways Agency commits to developing a more proactive and collaborative approaches to promoting national and local growth and commits to continue building strong relationships and working

arrangements with Local Enterprise Partnerships and the Local Enterprise Partnership Network, in the same way as with Local and Combined Authorities and the Local Government Association. Through its Route Strategies, the Highways Agency will engage the Local Enterprise Partnership in better understanding the challenges and opportunities associated with the network and to develop evidence based long-term plans to bring about much needed local economic growth and development, and commits to providing each Local Enterprise Partnership with a named contact, generally the relevant regional director. The Highways Agency commits to forming a Growth and Economic Development Group to support Local Enterprise Partnerships at a national and subnational level, and a draft licence published on 23rd June 2014 for the new Highway Agency company includes a requirement to cooperate, which will underpin the arrangements described above.

As part of the deal, the LEP will:

- Strengthen governance by reviewing the structure and resourcing of the groups below Board level to ensure the available resources focus on delivery of the Local Enterprise Partnership's objectives and there are clear reporting lines to the Board from officer groups.
- Ensure implementation and demonstrate success, by accepting the funding agreement, and by tracking progress against milestones and agreed core metrics and outcomes in line with a monitoring and evaluation framework. This will include agreeing monitoring metrics and reporting arrangements with the Government by September 2014. The LEP will also produce an evaluation plan for the projects contained in the Deal before April 2015.
- Ensure value for money by developing robust processes that will guide local decisionmaking. This will include agreeing an assurance framework with the Government by September 2014, building on existing local and national frameworks
- Communicate the ongoing outputs and outcomes of the Deal to the local community and stakeholders by publishing the Growth Deal and reporting regularly, and publically, on their progress to implement the strategy, ensuring that local people understand how Government money is being spent via the Growth Deal, and what the benefits are for them and the area. The Cities and Local Growth Unit will continue to work with the LEPs on communications activities, and help make the links with other Government communications teams.

Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with the LEP over the next few weeks and months, along with establishing the best timetable for the project, taking into account practicalities and affordability.

The Government commits to opening discussions with the LEP right away on its priorities for the next round of Growth Deals.