

Agenda Item 4

Title:	Chief Executive's Report
Purpose:	To update board members on the main operational issues that have developed since our last board meeting in October 2023 and to seek approval to programme and project activity.
Recommendation(s):	That board members note the contents of this report and: <ul style="list-style-type: none">i) Note the LEP investment in the proposed Westcott Space Hub Programme.ii) Approve revisions to the Westcott Accelerator and Incubator Programme criteria.iii) Support the allocation of approved funding for the Race to Space Programme in 2024/25 and 2025/26.iv) Approve the updated Risk Register.
Response To Risk Register	The risk register is included as section 9 within this report.

1 Budget Cash Flow and Forecast

The LEP Cashflow and Forecast, last presented to the board in September 2023, has been updated to assist the upcoming process of transfer of assets and to record the investment decision taken in respect of the Westcott Space Hub project. The financial statement is attached as **Appendix 1** to this report and shows the forecast reserve position at the end of financial year 2023/24 to be **£12.761m** plus any additional funds not used from the £1m strategic reserve earmarked as a contingency for transition expenditure. Of this £9.169m is held on behalf of the LEP by Buckinghamshire Council and £3.593m is the expected closing balance within the LEP Bank Account at the end of financial year 2023/24.

The overall in-year position shows increased income from the initial budget, largely due to increased income from the Enterprise Zone due to the rates review, the transfer of LEP Programme Funds from the Local Growth Programme and Loan Repayments from the Silverstone Heritage Trust and Satellite Applications Catapult both of which were not included within the initial budget as they represented items included within the balance sheet. Expenditure items have increased from the initial budget to reflect the commitments made to the Westcott Space Hub and additional approved Growth Hub Expenditure.

2 External Funding Bids Update

Buckinghamshire has been successful in a number of innovation related funding bids over the past couple of months in which the LEP were instrumental in the bid submissions. The obvious highlight was the public confirmation of the **£5.9m** UK Space Agency Space Community Innovation Funding made during the UK Space Conference in Belfast, however, Bucks LEP support has been instrumental in the success of a number of other significant new investments.

Buckinghamshire was part of a successful consortia that secured **£3.8m** from DSIT for a 5G Innovation Bid. The successful bid provides the opportunity to build upon the digital capacity that we have already invested in through England's Economic Heartland for East West Rail and to develop the beyond line-of-sight drone innovation from the Westcott Future Technologies and Drone Port services.

The Buckinghamshire Healthcare Trust has been successful in an application to be **NHS Clinical Entrepreneurs Programme**, one of only a handful of Trusts in the UK that have secured this status, the programme builds upon the LEP investment into the Research and Innovation Unit at Stoke Mandeville Hospital and will facilitate a programme of direct business links with front-line medical staff to help address operational challenges within the Trust.

Collaborations such as these will be further developed following the latest Innovation Round Table Event held at Bosch on December 5th, these events provide a showcase for some of the innovation assets and new ideas emerging from centres of excellence in Buckinghamshire. The Bosch event provided the opportunity for others to learn of the plans to develop the Denham site as a hydrogen applications training centre and open-access innovation hub and also featured short presentations highlighting aspects of the engineering, future flight and healthcare innovation projects underway or planned in the county.

The innovation facilitation being provided by Bucks LEP is helping to develop stronger partnerships and a more sophisticated approach to attracting new funds into Buckinghamshire. The current Levelling Up agenda and shortage of new structural funds will mean that new funding agencies and departmental programmes will need to be increasingly targeted and that a collaborative approach will need to be employed to ensure the appropriate lead and partner organisations are supported in the bidding process. Recent Government and national agency statements have highlighted the following resourcing opportunities that could be of interest for Buckinghamshire over the coming months:

Growth Fund – Following positive feedback from industry, the government is confirming its intention to establish a Growth Fund within the British Business Bank. The Growth Fund will give pension schemes access to the BBB's pipeline of opportunities, crowding private capital into the UK's most promising businesses.

Extension to Future Fund: Breakthrough – At least £50 million of additional funding to the Future Fund: Breakthrough investment programme, helping the UK's most intensive R&D companies to scale up.

Connectivity in Low Earth Orbit (CLEO) R&D programme – Opening £15 million of calls to nurture innovation for satellite communications which will be delivered as part of the £60 million European Space Agency Advanced Research in Telecommunications Systems (ARTES) programme, allocated to the UK's CLEO scheme.

Earth observation package – The government is investing £47 million in the earth observation sector, which will enable the UK industry to make better use of Earth Observation data for climate science and to develop innovative products and services.

R&D infrastructure investment – £25 million investment in scientific infrastructure through Public Sector Research Establishments.

Business innovation support – £145 million investment through Innovate UK to support business innovation. This includes £20 million for productivity and decarbonisation of foundation industries, £50 million for battery innovation, £50 million for investment in Catapults, and £25 million for innovation in critical technologies.

Made Smarter – Expansion of the Made Smarter Adoption programme, committing up to £16 million in 2025-26 to offer the scheme to all English regions before working with the devolved administrations explore expanding the programme from 2026-27. The programme supports manufacturing SMEs to use advanced digital technologies, and expansion will also involve inclusion of digital internships in the programme.

UK Export Finance SME Support – The government will offer additional support to SMEs to access global markets through UK Export Finance including reviewing the products available for SMEs and enhancing the SME-focused support that is offered.

Manufacturing Funding – Funding of £4.5 billion will be made available starting in 2025-26 lasting for five years for eight manufacturing sub-sectors: automotive (particularly zero emission vehicles, their batteries and supply chains), aerospace, life sciences, and clean energy (carbon capture, utilisation and storage, electricity networks, hydrogen, nuclear and offshore wind)

Connected and Automated Mobility funding – The government has committed to extend the Connected and Automated Mobility R&D programme with up to £150 million of funding between 2025-26 and 2029-30, helping the UK secure first-mover advantage in the deployment of self-driving vehicles and services.

AI Compute – Investing £500 million in further UK based compute so that universities, scientists and start-ups have access to the compute power they need to help make the UK an AI powerhouse.

Planning capacity funding –£5 million in additional funding for DLUHC’s Planning Skills Delivery Fund for Local Planning Authorities to target application backlogs.

3 Westcott Space Cluster – Conference, Accelerator & Incubator, Race to Space, Implementation Plan

In line with our Assurance Framework board members are asked to formally note the recent decision to support the Westcott Space Hub.

On November 14th the Board unanimously approved (with one abstention), by correspondence, the proposals to invest up to £2.475m to forward fund the Westcott Space Hub project on the ten-year minimum lease terms at 9% interest with a 40.8% profit share, subject to subsidy control compliance, and agreement of payment and contractual terms with the operator. This support has enabled the Westcott Hub to secure £5.9m of UK Space Agency Space Community Investment Funding announced on November 22nd alongside the Autumn Statement.

The Board also agreed that authority is delegated to the CEO in conjunction with the Chair and Vice Chair to agree contractual and commercial terms with the operator and the Collaboration Agreement with project partners. The Collaboration Agreement has been completed and despatched to UKSA for their approval.

Work on developing the new hub has commenced immediately to ensure that the facilities can be delivered ahead of the March 2025 schedule. The first project board meeting has taken place, and the sub-committees are starting to meet. The technical facilities floorspace requirement is being reviewed to inform the layout and designs for the light-industrial units that will be required. Pre-planning advice has been received and is being incorporated into the planning submission to prevent any delay.

Westcott Accelerator & Incubator Programme

The Westcott Incubator and Accelerator programme (WIA) was launched at the beginning of 2023 to attract existing and start-up companies from across the UK to Westcott and make use of the unique expertise and facilities on offer. However, despite significant initial interest from industry, no companies have signed-up to the Accelerator programme, and only three start-up businesses have committed to the Incubator.

Given the issues raised by businesses, and negative comparison to other programmes a refresh of the programme is proposed to include: -

- i. Removal of the requirement for payback from companies who are applying for the Incubator and Accelerator programme.
- ii. Businesses that apply for the Accelerator scheme have 50% of the cost of their approved programme paid for by the scheme and must meet the other 50% of costs themselves.

Full details of these revisions and the process for implementing these changes is attached as **Appendix 2** to this report. The board are requested to support these amendments to further encourage start up activity at Westcott.

Race to Space Event

Developed and organised by University of Sheffield, the vision for Race to Space is to provide experienced undergraduate students with a practical educational experience solving real-world, complex, open-ended engineering problems through a hands-on competition. The inaugural competition held at Westcott in July 2023 was the first worldwide to specifically focus on the testing of bi-propellant and hybrid rocket engines. Both Universities and students considered the access to both testing capability and the expertise within the propulsion companies that operate from Westcott, willing offered to help Student hone their ideas and approaches, to be a unique and hence why they would wish to build upon this experience.

After a successful year one, supported by the University of Sheffield and a range of smaller sponsors, there is an opportunity for Race to Space to establish long-term and develop a permanent home at Westcott.

Board members are asked to approve a request to allocate £60k (£30k per year for 2024/25 and 2025/26) from approved funds to establish and grow the Race to Space Event at Westcott. Further information supporting this request is attached as **Appendix 3** to this report.

4. Buckinghamshire Enterprise Zone Implementation Plan

The Buckinghamshire Enterprise Zone (BEZ) Memorandum of Understanding (MoU) included the BEZ second 5 Year Business Plan, covering April 2021 to March 2026. It was signed by BLEP and Buckinghamshire Council on 20th July 2022. It set ambitious targets to grow the BEZ with 183,000 sqm of floorspace planned in the period building on the 70,000 sqm had been met for years 1-5 (2016-21) and it was expected development would gather pace and move towards full capacity in years 6-10. Strategic priorities included.

- Woodlands – providing up to 102,800sqm. floorspace commencing within the plan period.
- Support the growth of the Westcott Space Cluster – creating a national centre of excellence.

- Investing in propositions on or adjacent to the BEZ sites that add value to the economy. generate rates income and provide high-value employment and skills for local people.
- Increasing business engagement and skills support across the BEZ sites.
- Expanding work with stakeholders to highlight the potential for inward investment.

Headline Performance to Date

Retained Rates Income:

- Projected gross EZ income for 2023-24 is £6.878m (£4.749m net), and cumulative net income is £10.035m.
- Cumulative net income to 2026 is projected at £19.568m risk-adjusted at 7%.
- The recent business rates re-evaluations have led to significant increases in industrial property bills. This boosts income but the increase provides a significant affordability challenge for certain businesses. It may also depress future floorspace demand, alongside other factors (financial restrictions, post-Covid working).

Floorspace Targets: The five-year Enterprise Zone floorspace target for this current MOU period is 183,000sqm. Three years into this current phase, a total of 66,139sqm (36%) has been completed, leaving 116,861 sqm to be delivered over the next two years to hit the initial targets.

A full review of the Enterprise Zone delivery plan will be presented to this board in early 2024 to explore how the challenging targets can be achieved.

5 Autumn Statement 2023

The following items of interest to the Buckinghamshire Economy were incorporated in the Autumn Statement on November 22nd.

Tax breaks, planning reforms and investment in growth sectors were amongst the 110 growth measures announced by the Chancellor in this year's Autumn Statement.

Business

The big tax announcement was the decision to make the temporary measure of 'full expensing' (which allows companies who are subject to Corporation Tax to deduct the full cost of investing in machinery and equipment from their tax bill) permanent. This will have greatest impact within the construction, manufacturing and engineering sectors, and has been broadly welcomed by business groups.

On the planning front, measures were announced which aim to speed up major infrastructure and business planning applications, along with access to the electricity grid. Both of which are issues that Buckinghamshire Business First have raised with central government as being barriers to business growth.

There was also good news for many on the business rate front, with rates frozen for small businesses and some operating within the retail, hospitality and leisure industries. However, experts generally view this as a 'sticking plaster' and believe a major overhaul of the business rates system is still needed.

For high growth and innovative firms, there was the promise of additional funds being made available via the British Business Bank, the Made Smarter Adoption programme, pension reforms and reforms to R&D tax relief.

Growth sectors and infrastructure

The biggest single investment into the County's economy announced within the Autumn Statement was £5.9m for space research and infrastructure development at the Westcott Enterprise Zone. The investment is a result of a collaborative bid led by URA Thrusters and including Buckinghamshire Local Enterprise Partnership, Skyports and Plastron UK.

In addition, referred to within the Autumn Statement, but announced last week, funding has been secured for 5G innovation within Buckinghamshire and surrounding areas.

Announcements that could accelerate the growth of Buckinghamshire's key strategic growth sectors and clusters include:

- Plans for further investment in the space sector, including fostering innovation in satellite communications.
- Funding will be targeted at firms involved with zero emission vehicles, their batteries and supply chains, of which there is a cluster of activity at Silverstone,
- The extension of tax relief within the film and high-end TV industry, should benefit the creative cluster to the south of the county.

People and skills

There were a number of labour market related announcements within the Autumn Statement, the most significant for businesses and economic growth probably being the decision to raise the National Minimum Wage to £11.44 per hour from April 2024. This will disproportionately benefit women and young people who are most likely to work in minimum wage roles. It will however cause a headache for some small businesses with narrow margins.

On the skills front, the government is committing £50m to increase the take up of Apprenticeships in high value sectors, including engineering, an area identified as a priority in the Buckinghamshire Local Skills Improvement Plan, developed by Buckinghamshire Business First on behalf of Buckinghamshire employers. Also measures were announced to help people with health-related barriers back into work could increase the supply of workers within the local economy.

Devolution

Four new devolution settlements were announced within the Autumn Statement (Hull and East Riding, Greater Lincolnshire, Cornwall and Lancashire), along with the decision to offer Level 2 responsibilities to local authorities that cover a "whole county area" (such as Buckinghamshire) where "there is local consent.

6. Data & Insight Update

Productivity review

On 4 December Buckinghamshire LEP provided an update on productivity in Buckinghamshire to the Buckinghamshire Growth Board. The paper set out why productivity matters, Buckinghamshire's productivity performance, potential reasons for the county's slow productivity growth between 2012 and 2016 and an outline of work we are planning to commission to help inform future economic strategy. The draft Invitation to Quote (ITQ) for this review, incorporating the December 2023 report to the Buckinghamshire Growth Board can be found in **Appendix 4** on which we welcome board member comments.

Buckinghamshire Business Barometer

The autumn Buckinghamshire Business Barometer survey (run by Bucks LEP and BBF) was launched following the Autumn Statement and will close on December 15th. The survey covers: trading conditions, views on the Autumn Statement and a focus on international trade. The results will be published in January 2024 on the LEP, BBF and Buckinghamshire Economic Intelligence Observatory website.

Buckinghamshire Economic Intelligence Observatory

New content added to the site since the last board meeting includes:

- [Buckinghamshire Businesses 2023 report](#)
- [Number and median wages of payrolled employees \(residents\)](#)
- [Labour market statistics – quality concerns \(blog\)](#)
- [Economic growth concepts – explainers](#)
- [Bank of England Monetary Policy Report \(blog\)](#)
- [How's business in Bucks? October 2023 \(blog\)](#)
- [Updated key economic stats and facts](#)
- [Updated job postings dashboard](#)
- [Claimant count report for October 2023](#)
- [Autumn Statement \(blog\)](#)

We're also in the process of developing our sector and cluster insight. Current content can be viewed [here](#).

7 Growth Hub & Skills Hub

The Buckinghamshire Growth Hub have been hosting the Buckinghamshire Business & Innovation Festival since the beginning of December, the highlight of which was the Innovation and Enterprise Festival event at Adams Park, High Wycombe on December 7th. Incorporating the BBF AGM the event, provided the opportunity for the 190 delegates to learn from Buckinghamshire Business Award winners. When asked what was the biggest challenge facing Buckinghamshire businesses at present the long-standing issues relating to recruitment & cashflow were joined at the top of business needs by the challenge of managing the opportunities and risks associated with the rapid growth of AI.

The practical applications of AI will be the focus of a specific member's event taking place at the University of Buckingham on February 7th. Visit Buckinghamshire will be hosting the launch of the new Buckinghamshire Tourism Strategy at Missenden Abbey at an event planned for February.

The Buckinghamshire Skills Hub have recently been promoting the Green Skills Challenge. Five secondary schools have been selected for pairing with a leading Buckinghamshire businesses to support the development of their Net Zero innovation and project proposals that will be presented at the finals event at the Buckinghamshire Council Offices on December 8th. Elsewhere, plans are well developed for the annual Bucks Skills Show that will be hosted at Stoke Mandeville Stadium on March 7th & 8th 2024.

Board Members will recall that as part of the funding agreement for additional support for the Buckinghamshire Growth Hub for 2023/24 it was reported that there was no longer any need for BLEP to support the Skills Hub programme given the additional external investment secured through the Local Skills Improvement Programme. Since that time, it has come to light that the current match funding from Buckinghamshire Council which unlocks the contribution from the Careers and Enterprise Company

investment will be reduced for 2024/25. The implications of this decision are currently being investigated including the potential impact on future delivery capacity.

8. Risk Register

The risk register has been updated to take into account the implications of the LEP Incorporation process discussed earlier within this agenda. As highlighted previously, the most pressing risks for BLEP members to consider relate to the orderly transition process and in ensuring that the appropriate processes and guarantees are in place to support continued and efficient economic development initiatives in Buckinghamshire, to ensure that the assets of the LEP are used for the purposes under which the transfer agreed and that board members are protected against future post-transfer liabilities. A copy of the register is attached as **Appendix 5** to this report.

9 Communications Update

The LEP AGM was held on November 17th at the Gatehouse in Aylesbury and provided a fitting celebration of the achievements of BLEP over the past decade but also highlighted the continued need to support innovative business ecosystems across Buckinghamshire.

In preparation for the AGM a short film was produced to demonstrate some of the impact of Buckinghamshire LEP a copy of the film can be found via this link [The Transformative Impact of Buckinghamshire LEP](#) over the coming months we will be looking to use this film collateral at a series of events and via social media channels both locally and nationally in partnership with the LEP Network. We will also be looking to develop a range of shorter sectoral summaries to support inward investment initiatives.

The annual report shared at the AGM has also been enhanced as an online version featuring additional digital content found via the following link [Annual Report](#)

Board members are asked to: -

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- ii) Approve revisions to the Westcott Accelerator and Incubator Programme criteria.**
- iii) Support the allocation of approved funding for the Race to Space Programme in 2024/25 and 2025/26.**
- iv) Approve the updated Risk Register.**