

- Title:** Chief Executive’s Report
- Purpose:** To update Board Members on operational activity since the last board meeting in January.
- Recommendation:** That Board Members;
- Note the content of this report and comment on any areas of specific interest or concern and;
- Approve the operational budget for BTVLEP for 2019/20 (item 1)
- Endorse the investment recommendation from the Local Growth Fund Programme Sub Board (item 4)
- Endorse support for Future High Street Fund bids by Aylesbury Vale, Wycombe, Chiltern and South Bucks District Councils (item 5)
- Support the investment strategy for broadband and digital programmes utilising gain share from the BDUK programme (Item 6).

1 BTVLEP Operational Revenue Budget 2019/20

Members are asked to approve the 2019/20 operational revenue budget for BTVLEP as highlighted below. The budget apportionment is consistent with financial year 18/19 that enabled heightened levels of work around Local Industrial Strategy and project development and delivery.

BTVLEP 2019/20	
Operational Revenue Budget	
The Budget Statement for the year 2019/20 to 31st March 2020 is detailed below:	
INCOME	EXPENDITURE
Local Outside Contributions & Other Income (413,500)	Staffing Related Costs 855,000
National Contributions (1,065,000)	Board Support and Office Costs 75,000
	Operational Costs (including project funding, external research, marketing and communications, meetings, exhibitions and conferences) 770,000
	Total Costs 1,700,000
	Recharges 61,601
	Budgeted Expenditure 1,761,601
	Transfers from Reserves (283,101)
TOTAL BUDGETED INCOME (1,478,500)	TOTAL BUDGETED EXPENDITURE 1,478,500

Operational Revenue Budget Breakdown

A full breakdown of the BTVLEP Income and Expenditure budget for 2019/20 is as below:

Income			
Local Contributions		(413,500)	National Contributions
Contributions from Enterprise Zone	(207,320)		LEP Core Revenue Funding Grant
Contributions from Buckinghamshire Advantage	(32,856)		Local Growth Hub Grant for LEP
Contributions from Local Authorities and BBF	(30,925)		LEP Network Revenue Funding Grant
Contributions from Skills (CEC, Agenda & Sponsorship)	(142,400)		
Expenditure		1,700,000	Notes
Staffing Costs *	855,000		*Staffing costs include salaries, NI, pension, bonus, salary recharges and staff travelling costs
Board Support & Office Costs **	75,000		
Market Research	10,000		
Marketing & Communications	85,000		
Exhibitions & Conferences	25,000		
Strategy/ Project Funding	650,000		** Board Support & Office costs mainly includes rents, wayleaves & hire of premises, computer software license & purchase, printing, stationery & office supplies, telephones, subscriptions to national bodies, vehicle hire, refreshments and food, subsistence, software support, IT equipment & purchase and general office expenses.
Recharges	61,601		

2 Annual Review Feedback and Action Points

I am delighted to report that we have received an excellent feedback report from our Annual Review assessment. This year's review process was very thorough and based on an assessment of three main areas for consideration Programme Delivery, Governance and Strategy. Our assessment scores were excellent for delivery and good for both governance and strategy, which is an improvement on the three goods received last year. I would like to thank all board members for your support in helping us achieve these strong review ratings.

As you would expect there are a few areas of focus for the year ahead to help give us excellent across the board these include agreeing and setting a combined team delivery plan for the year ahead, ensuring that our social media coverage for Local Growth Fund events is comprehensive and completing our new incorporated structure before the end of the financial year. We also committed to commissioning a comprehensive review of our Local Growth Fund programme in the coming year. A copy of the review assessment confirmation letter from Stephen Jones, Director of the Cities and Local Growth Unit, is attached as **Appendix 1** to this report.

3 Delivery Plan 2019/2020

Attached as **Appendix 2** to this report is the suggested framework for a headline delivery plan for the year ahead this needs to be in final draft form by the end of April and signed off at our next Board meeting in May. It is our intention for this plan to also support the staff objective setting process and to also support our communication and promotional plan for the year ahead. I would therefore like to request the support of a Board Member to act as an advisor to assess and comment on our draft delivery plan prior to board approval and submission.

4 Local Growth Fund Programme

At the last meeting of this board Hatch Regeneris provided an assessment of the five Local Growth Fund project applications, that had responded to our summer 2018 open funding call, helping to deliver our Local Industrial Strategy objectives, see the table below:

Applicant	Scheme	LGF Grant Requested	Total Scheme Cost
Bucks New University	Bucks Creates @ Pinewood	£1,645,000	£3,357,000
National Film and Television School	National Centre for Immersive Storytelling	£288,073	£502,107
University of Buckingham	School of Computing and Centre for AI	£2,000,000	£6,000,000
London Medical Education Academy	Medical Education Centre for Surgical Skills	£2,175,000	£4,350,000
Bucks New University	Bucks Life Science & Innovation Centre	£275,000	£547,000
Totals		£6,383,073	£14,756,107

Board members agreed that the first four of these projects should proceed to the next stage of assessment and that the Local Growth Fund Sub-Group should make a recommendation back to this board for funding approval.

Hatch Regeneris have subsequently completed their initial assessment, and the four potential project sponsors have also met with the Executive team to clarify outstanding questions in relation to their applications. The Sub-Group are due to meet ahead of the board meeting to consider the funding allocation options. Given the close proximity of Sub-Group to Board meeting dates, we propose that a member of the Sub-Group will present back to this Board with their final recommendation on which schemes to support for funding at this time utilising Local Growth Funds and how other projects can be advanced to make investment ready.

5 Future Funding Bids – Future High Street Fund & University Enterprise Zone

Our district authority colleagues have been presented with the opportunity to apply for a share of £675m for the national Future High Street Fund to help local areas make their town centres fit for the future. The initial expressions of interest need to be submitted by March 22nd and would be strengthened by support letters from LEPs. Bids are in development from Wycombe DC for the High Wycombe Town Centre, Chiltern DC for Chesham Town Centre, South Bucks DC for Beaconsfield and Aylesbury Vale DC for Aylesbury. Our letters of support will be drafted later this week ready to be included within the EO applications. In return for support I would request that our District members present a summary of their respective applications to the Board.

Research England have recently launched bids for Universities to develop “Enterprise Zone” programmes. This funding is for a limited period of 12 months for 2019/20 and is looking for bids in the region of £500k. Both Buckinghamshire Universities have expressed an interest in this programme and are currently working with Bucks Business First and the Bucks Healthcare Trust on a joint bid building on current Health and Social Care commercial investment.

6 Broadband & Digital Investment

The Broadband Delivery UK (BDUK) Programme is run in partnership with Hertfordshire County Council and began with Contract 1 in June 2013 which connected over 42,000 premises in Buckinghamshire to superfast broadband by the end of its build phase in 2015. Buckinghamshire joined Contract 2 in August

2016, and aims to connect a further 12,000 premises to superfast connectivity by December 2019. Both contracts are delivered by Openreach.

Contract 1 was funded by Buckinghamshire County Council (BCC) as well as BTVLEP and was match funded by BDUK which is part of DCMS. The contributions were as follows: BCC contributed £2,000,000; BTVLEP contributed £1,700,000 and BDUK contributed £3,700,000 (see Table 1).

Table 1: Connected Counties Contract 1 Funding

Contract 1 Funding	
Source	Funding
BCC	£2,000,000
BTVLEP	£1,700,000
BDUK	£3,700,000
Total	£7,400,000

Contract 2 is being funded by BCC, BTVLEP, Aylesbury Vale District Council (AVDC), Chiltern District Council (CDC) and Wycombe District Council (WDC), as well as match-funding from BDUK. BCC and BTVLEP contributed £469,154 and £398,846 respectively through accelerated gain share. Additionally, a further £675,000 was contributed by BTVLEP through Local Growth Funds.(see table 2)

Table 2: Connected Counties Contract 2 Funding

Contract 2 Funding	
Source	Funding
BCC (accelerated gain share)	£469,154
BTVLEP (accelerated gain share)	£398,846
BTVLEP	£675,000
AVDC	£400,000
CDC	£100,000
WDC	£860,000
BDUK	£2,035,000
Total	£4,938,000

The BDUK programme aimed to achieve 95% superfast connectivity in the county by December 2019, and achieved this sixteen months early in August 2018. Before the BDUK programme began, superfast connectivity levels in Buckinghamshire were at 68.6% in January 2013 compared to Hertfordshire, who were at 86.8% at the same time. By January 2019, these figures were 95.3% for Buckinghamshire and 97.3% for Hertfordshire.

Broadband Rollout Phase 3 Buckinghamshire County Council has been successful in a bid for £1,800,000 from the European Regional Development Fund in order to connect 800 rural businesses and a further 2,000 residential premises by December 2020. This contract, known as the Buckinghamshire Rural Business Broadband Project, commencing this summer this will continue to be assured by BDUK. Whilst the original funding bid was created by Buckinghamshire County Council, the development of contractual schedules and tender documentation have been led by BTVLEP through the Broadband Programme Manager, and it is anticipated that the delivery of this contract will fall under the Broadband Programme Team.

The contract will require potential suppliers to demonstrate that they can deliver 30mbps connections, the new definition for superfast broadband, and that they can further improve these speeds in the future.

Contractual Clawback – gain share A financial incentive is in place with Openreach to encourage take-up of superfast services deployed in the Connected Counties contracts. Within Contract 1, funders gain a monetary bonus for any take-up above 20%, and this will accrue until Q4 2022/23; whilst in Contract 2, the funders gain a bonus for take-up above 27%, which will accrue until Q2 2025/26.

Prior to the start of Contract 2, Openreach allowed the local bodies to borrow against the gain share which was expected to be accrued in order to assist in funding more premises being connected. Due to this, Buckinghamshire as a collective were allowed to borrow £868,000 as capital funding for Contract 2, with the assurance that at least this amount would be received in gain share. BTVLEP's proportion of the £868,000 is £398,846 and is being used as one of the funding sources for Contract 2.

Take-up rates for Contract 1 have significantly exceeded expectations, and in the latest data available from central government, Connected Counties is ranked as the 2nd best performing out of 41 contracts nationally. Analysis shows that Contract 2 is following a similar projection for high levels of take-up and this has had a significant impact on the forecasted amounts we expect to receive from gain share.

For Contract 1, original forecasts from 2014 estimated that Buckinghamshire as a whole would receive £1,408,000 from gain share by Q4 2022/23, but due to £868,000 already being committed to Contract 2, Buckinghamshire has £540,000 remaining, of which BTVLEP would receive £248,130. A revised forecast produced by central government in January 2019 now states that Buckinghamshire as a whole may receive an estimated £4,062,217 which removing the accelerated gain share leaves Buckinghamshire £3,194,217 of which BTVLEP will receive an estimated £1,467,743 (see Table 3).

For Contract 2, there have been no prior forecasts, but the recent estimate states an expected £1,884,862 will be received in total in Buckinghamshire, with BTVLEP's proportion of this being £667,807. Overall, this means that a further £2,135,550 is expected to be received by BTVLEP by Q2 2025/26.

Table 3: BDUK gain share

Contract 1	2014 Forecast	2019 Forecast
Gain share total	£2,200,000	£6,347,214
Hertfordshire (as a whole)	£792,000	£2,284,997
Buckinghamshire (as a whole)	£1,408,000	£4,062,217
Bucks CC	£761,024	£2,195,628
BTVLEP	£646,976	£1,866,589
Bucks CC (excl. accelerated gain share)	£291,870	£1,726,474
BTVLEP (excl. accelerated gainshare)	£248,130	£1,467,743

Contract 2	2019 Forecast
Gain share total	£5,655,151
Hertfordshire (as a whole)	£3,770,289
Buckinghamshire (as a whole)	£1,884,862
BTVLEP	£667,807

Due to match-funding being provided by central government through BDUK, the full amount will only be returned to the contributors if this money is to be reinvested in further fibre deployment. If the money is to be used for other means, 50.3% will need to be returned to BDUK due to their contribution, and would reduce the amount that BTVLEP could invest in other areas to £1,061,368.

As such, there are currently three options available for BTVLEP:

- 1) To take 49.7% of the amount forecasted to be accrued (£1,061,368) and invest this in other non-digital BTVLEP priorities. **Following this, no more gain share will be accrued.**
- 2) To borrow against the amount forecasted to be accrued and invest this in fibre broadband. Currently, we would be able to loan 49.7% of the full amount (£1,061,368) while the remaining gain share would be available in smaller proportions between 2023 and 2026.

- 3) To wait for the full amount to be accrued and use these funds to deliver BTVLEP priorities, whether this is fibre deployment or other digital programmes. This will mean that in September 2025, the board will be able to decide how to invest the accrued £2,135,550, although if not spent on fibre delivery, 50.3% of this amount will need to be returned to BDUK.

In addition to the above options, Board Members may decide to use some of the gain share to cover the revenue costs of the Broadband Programme Team. The BTVLEP revenue account is currently contributing to this Team cost on the basis that it will be returned through gain share at the end of the contract. If an amount is withdrawn early to support revenue costs will also need to have a corresponding amount returned to BDUK due to the match-funding arrangement. For instance, if BTVLEP wished to withdraw £100,000 to support revenue costs, £101,208 would also need to be returned to BDUK due to their 50.3% match-funding arrangement.

Buckinghamshire is still behind its Arc neighbours and the national averages for superfast broadband coverage (see Table 4). Additionally, the expectations and demands for superfast connectivity evolve, which can be seen in central government's changing definition of superfast from 24mbps to 30mbps; and their expressed desire to provide full gigabit capable connectivity to the nation by 2033.

Table 4: Oxford-Cambridge Arc Broadband Data (*ThinkBroadband* (31 January 2019))

	Superfast coverage (24mbps)	Superfast coverage (30mbps)	Ultrafast coverage (100mbps)	Full fibre coverage	Mean download speeds (Q3 2018/19)
Buckinghamshire	95.31%	94.78%	42.87%	4.90%	31.7
Bedford	96.69%	96.30%	71.93%	3.15%	37.3
Cambridgeshire	96.68%	96.17%	59.87%	8.29%	35
Central Bedfordshire	96.57%	96.26%	63.22%	3.75%	38.7
Luton	99.57%	99.48%	95.02%	0.27%	45
Milton Keynes	98.47%	98.32%	34.13%	28.19%	33.1
Northamptonshire	97.77%	97.60%	62.16%	6.38%	34.3
Oxfordshire	96.92%	96.62%	52.03%	8.01%	34.4
UK	95.83%	95.49%	56.30%	5.69%	33.2
England	96.32%	96.01%	59.00%	5.69%	34.1

The recommendation is to support investment **option 2** above to include an early draw down of the necessary revenue funding to support the Programme Delivery Team.

7 Growth Hub Update

The 2019 Buckinghamshire Brexit Summit brought together 150 businesses from a range of sectors and representatives from local and national government and business organisations to explore the latest on Brexit. The event was held at the new Vinson Building at the University of Buckingham on Wednesday March 6th.

During the speeches and Q&A panels in the main portion of the event, or the networking and buzz of conversation during the breaks, the sense of Buckinghamshire's entrepreneurial spirit shone through at all times. Three take away-actions were provided for businesses to support their continuity planning including reviewing international supply chains, checking the settled status for employees and ensuring that all businesses reviewed the national Brexit toolkit.

In addition to Buckinghamshire Business First and Bucks County Council, speakers included representatives from BEIS, DEFRA, the FSB and IoD. The Brexit section of the BBF website is regularly updated with the most up to date guidance and can be viewed at www.bbf.uk.com/brexit

At the time of writing this report we are almost at the end of the inaugural Buckinghamshire Business Festival which has been a great success. Over the 10 days, we welcomed 500 visitors to 27 events at 18 venues and the Buckinghamshire Business Expo alone welcomed over 200 including 50 exhibitors. Keynote events included the Buckinghamshire Business Expo, Brexit Summit, the Business Leaders' Dinner, Routes into Creative & Routes into Work, STEM Roller and Leading Teams Through Change event in partnership with Thames Valley Police. A summary of the events can be found online at <https://bbf.uk.com/events/buckinghamshire-business-festival>

8 Skills Update

Skills Advisory Panels are a commitment from the Conservative Party Manifesto in 2017 and are a Department for Education project. They aim to bring together local employers and skills providers to pool knowledge on skills and labour market needs, and to work together to understand and address key local challenges. This includes both immediate needs and challenges and looking at what is required to help local areas adapt to future labour market changes and to grasp future opportunities. This will help colleges, universities and other providers deliver the skills required by employers, now and in the future.

Through allocating each Local Enterprise Partnership £75,000, the DfE's aim for Skills Advisory Panels is to strengthen the capabilities of LEPs to carry out high quality analysis which will be used to identify their skills and employment needs and priorities, as well as inform their skills agenda, and improve their economic outcomes. This will assist local areas to develop action plans to address skills issues which, in turn can give more people in the local community access to high quality skills provision that leads to good jobs. The analysis produced will underpin the 'People' element of a LEP's Local Industrial Strategy.

In Bucks, the BTVLEP Skills and Employability Board will also act as the Skills Advisory Panel. The board has representation from all key stakeholders and priority industry sectors. It is important to increase our analytical capability and ensure strategic direction is evidence based. The Terms of Reference has been adjusted accordingly and was ratified at the last Skills Board meeting.

Routes Into Work [Bucks Skills Hub's](#) *Routes Into* recruitment events are about bringing opportunity and talent together. Talent is everywhere, from students in education thinking about their first steps into work, to those looking to use their experience and skills in a new environment, to those looking for a complete change altogether.

The events bring together businesses from a range of sectors and people looking to start or progress their career, whether it be through an apprenticeship or traineeship, as a freelancer or those simply looking to get some work experience. The aim is to bridge the frequent disconnect that exists between opportunities and applicants, to try and solve the skill mismatch of applications and vacancy, and generally facilitate networking.

The first of these events took place during National Apprenticeship Week on the 7th March – *Routes Into Creative Industries* (Film, TV & Games), kindly hosted by Pinewood Studios was a major hit and was attended by around 200 people.

9 European Programme Update

The BTVLEP ESIF committee met earlier this week at Westcott under the new Chairmanship of Klaus Allion. Four new ERDF projects were recommended to progress to full application and this will take the Buckinghamshire funding commitment to 85% overall capacity with a further open call scheduled for this summer.

Two of the projects were extensions of existing Bucks Business First schemes the SMILE (Low Carbon) and HALO (Scale Up Growth Programme) project whilst the two new schemes would provide a Digital Support Programme for SME's within the county (again led by BBF) as well as a programme to support first time graduate entrepreneurs led by BNU.

There is the opportunity to submit an open call this summer for the remaining £1.2million European Social Funds allocated to Buckinghamshire, we will look to involve skills board colleagues in the specification for this funding call with initial ideas proposed including a scheme to support employers improve their working practices for older or disabled workers.

At the end of 2019 it is proposed that there will be a national reserve fund for remaining unallocated funds from across the national programme, it is important that the remaining Buckinghamshire funds are within the delivery pipeline ahead of this time.

10 Enterprise Zone Update

The major infrastructure investment relating to the Enterprise Zone development at present relates to the installation of the second access and roundabout at the Westcott Venture Park. The funding arrangements for the new access have now been approved and construction will be undertaken over the summer holiday period. This will ensure that transport access is not a limiting factor for the development of the site and will ease the planning process for new developments such as the Satellite Innovation Centre.

11 Heathrow Update

BTVLEP have developed closer working with the Heathrow Economic Development & Skills team both through the Heathrow Strategic Economic Plan and through individual meetings with Buckinghamshire Local Authorities.

As a result BTVLEP have been offered a place (that will be discussed at the BTVLEP Skills board for representation) on the new Heathrow Skills Taskforce and are working closely alongside the Heathrow team to develop the Heathrow Business Strategy the development of which will be shared with the BTVLEP Board.

The Business Strategy is based on the following themes:-

1. Headline economic benefits
2. Inward Investment and Britain's Global Gateway
3. Supply chain development
4. Exploiting new technologies and innovation
5. Skills and recruitment (and in particular apprenticeships)
6. Educational Engagement
7. Construction

This represents a significant shift in approach from Heathrow who have recognised that their previous engagement strategy was too heavily focused on established relationships with neighbouring local authorities where relationships had been long established through contractual arrangements from the Terminal 5 development.

12 Communications Update

Annual General Meeting A celebration of BTVLEP's achievements over the past year and a look ahead to the next took place at our first Annual General Meeting held on March 8th in Aylesbury. Over 50 attendees heard how we have embraced the opportunity to work with Government in delivering one of the first trailblazing Local Industrial Strategies and how BTVLEP has secured major investment to support economic growth across Buckinghamshire.

A highlight of the AGM came from keynote speaker, Alan Cox, Chief Operating Officer of the Satellite Applications Catapult, who provided an insight into how satellite and space technologies are transforming our world and how the unique capabilities in Buckinghamshire and across the Oxford-Cambridge Ark will help shape this transformation and how local innovative businesses can be at the heart of this process.

Members are asked to :-

- **Note the content of this report and comment on any areas of specific interest or concern.**
- **Approve the operational budget for BTVLEP for 2019/20 (item 1).**
- **Endorse the investment recommendation from the Local Growth Fund Programme Sub (item 4).**
- **Endorse the BTVLEP support for High Street Funding bids by Aylesbury Vale, Wycombe, Chiltern and South Bucks District Councils (item 5).**
- **Support the investment strategy for broadband and digital programmes utilising gain share from the BDUK programme (Item 6).**