

**Enterprise M3 Board Meeting**

**28 September 2017**

**Local Growth Fund Programme Update – Item 12**

**Board members are asked to:**

**NOTE** the current progress with delivering the programme.

**NOTE** the projects which are currently identified as at risk of delay/underspend and the proposed actions.

**AGREE** that the budget be revised to £5m allocated to the Enterprise Zone programme in 2017/18 and £5m in 2018/19.

**1. Growth Deal Update**

1.1 Enterprise M3 was allocated a further £45.7m for the 2017/18 financial year from its agreed £219m six year Growth Deal with Government. To date, we have received £121.8m of Local Growth Fund from Government, of which £70.9m has been distributed to projects to date. The table below shows this information by year.

	LGF Funding Allocated	Actual Funding Distributed to date	Forecast Distribution	Difference +/-	% of Allocation Distributed
2015/16	35.3	28.7	28.7	-6.6m	81%
2016/17	40.8	40.2	40.2	-0.6m	99%
2017/18	45.7	1.97	44.5	-1.2m	4.3%
<b>Total</b>	<b>121.8</b>	<b>70.9</b>	<b>113.5</b>	<b>-8.3m</b>	<b>58.4%</b>

1.2 **Total spend for 2015-18 is forecast at £113.5m, which is £8.3m under our available allocation over the three years.** The table above shows that current forecasts suggest that whilst we likely have a small underspend against our 2017/18 allocation, it is highly unlikely that we will distribute all of the funding that has been made available to Enterprise M3 over the 2015-18 period. The Enterprise M3 Board agreed in July 2017 that we would not issue a call for new projects at this stage as it would be better to do this following the outcome of the Strategic Economic Plan refresh. We are also currently forecasting that we will distribute 97% of our available funding for 2017/18 and this figure includes the additional £16.6m awarded to Enterprise M3 by Government in March 2017) where Government have accepted that there will be some level of carry-forward given the late notice of this funding.

1.3 However, Board members will note that the forecasts presented in the table above varying significantly from those presented in July 2017. We now estimate that the funding distributed

by the end of 2017/18 will be £7.6m less than that was forecast for the July Board Meeting. The main reasons for these changes are as follows:

**Aldershot Games Hub (Rushmoor Borough Council)** – Rushmoor Borough Council have contacted us recently to advise that they wish to undertake further demand studies before committing to a location for the Games Hub. This has resulted in £75k being removed from the 2017/18 LGF programme and also the £250k allocated for the 5G testbed (from TG Phase 2) also being ‘at risk’. We are working with Rushmoor to understand the timetable for this additional work and may also look at alternative locations in the Enterprise M3 area for a 5G testbed to support the gaming sector.

**Wood Processing Grant Programme (Surrey County Council)** – PMG and Board noted in March 2017 the slow uptake of this programme and this may lead to a review of the overall funding allocation for this programme (£2m of which £136k has been spent to date). Recent monitoring reports have highlighted that expenditure will be significantly less than the £1.86m that had been allocated to this project for 2017/18, in the region of £1m and our overall figures have been adjusted to reflect this. Given the low take up for this programme, we will be discussing this project with Surrey County Council in the coming weeks, with a view to a recommendation being made to PMG and Board in November 2017.

**Regional Cyber Security and Big Data Innovation Centre (Royal Holloway)** – This project had originally been forecast to spend £2.5m in 2017/18 and this has been revised to £1m. Royal Holloway are currently developing the business case for the project which is expected to be presented to PMG and Board in January 2018. We will continue to work closely with Royal Holloway to ensure that that this timetable is met.

**Enterprise Zone Programme** – The Enterprise M3 Board agreed in March 2017 that £10m of Local Growth Fund should be available to the multi-site Enterprise Zone in 2017/18 to support projects that will help unlock those sites. This was agreed on the basis that Enterprise M3 would receive this funding back through business rates retention. A call for projects was issued in May 2017 and to date 3 expressions of interest have been received from Basingstoke and Deane Borough Council and are currently undergoing due diligence and will be presented to Board in September. It is also expected that an Expression of Interest in relation to the Longcross site will be received shortly. Through this process, it has become apparent that it is unlikely that the full £10m allocated will be spent in this financial year and therefore the forecasts have been adjusted to reflect this. It is currently proposed that £5m will be spent in 2017/18 and the remainder would be used to support projects on the Enterprise Zone in 2018/19. The EZ paper has also proposed the possibility of additional LGF given the projects due to come forward this year. Agreement by Board to this revised allocation of funds would help give certainty to early-start projects that could be delivered through Local Growth Fund and allow for multi-year schemes to start on site as soon as possible. Further detail on this proposal is given in the Enterprise Zone paper.

- 1.4 The team have started to discuss strategies to mitigate against the risk of an underspend of this scale and will continue to identify opportunities to accelerate projects forecast for delivery in later year, in addition to focusing closely on the schemes already underway. The figures for 2017/18 include bringing forward the £1m allocated to the Environment Agency for the Lower Thames Flood Defence project which was allocated for 2018/19. We are currently in discussions with the Environment Agency about how we do this whilst still achieving the benefits intended from our LGF contribution.
- 1.5 PMG discussed the programme and agreed to recommend that the budget be revised for the Enterprise Zone programme to an allocation of £5m in 2017/18 and £5m in 2018/19. It was also agreed that all projects should be pushed and if projects are not moving ahead the allocation of funding should be reconsidered. A strong message will be sent out to partners that activity on projects needs to be ramped up.
- 1.6 A summary document giving details of the current status of all our LGF projects is attached for information at Appendix 1 and the expenditure dashboard at Appendix 2. Board members are asked to note that it is likely that a significant number of projects will be presented for approval

in November including Camberley Public Realm, Elmbridge Invest for Growth, Aldershot Town Centre Regeneration and further Enterprise Zone projects.

## **2. Outputs and Outcomes**

- 2.1 An outputs dashboard was presented to the Enterprise M3 Board in July 2017 for discussion and comment. This has now been revised to reflect the comments of the Board and provides a variety of data on outputs from LGF projects including information on what has been delivered to date, in year forecasts and forecasts for the delivery of outputs in future years.
- 2.2 A revised draft of the outputs dashboard is attached at Appendix 3 and is based upon the 2017/18 Q1 monitoring reports received from our scheme promoters. This dashboard remains work in progress and the team are in the process of verifying the information received from scheme promoters as well as sense-checking our target data. The reporting of the outputs associated with our transport projects remains our largest gap at the moment, reflecting the fact that this is often more difficult to measure. This will be a focus for the remainder of the calendar year and will feed directly into Government's new reporting tool for LGF which will be launched in October 2017. It is intended that this dashboard will be presented at each Board meeting and the comments of the group on the format are sought.
- 2.3 The PMG discussed the dashboard and requested that further information is included on future dashboards to show where the gaps are and which projects are delivering significant numbers. It was also suggested that the Annual Time series graph is depicted as a cumulative graph. The suggested changes will be incorporated into the dashboard reported to PMG and Board in November. Over the next few months a breakdown of output data by year will be collected from project sponsors and fed into the output dashboard when available.
- 2.4 The future intention is that the output dashboard will reflect both the LGF and Growing Enterprise Fund as we move towards a 'single pot' approach. We will also be regularly reporting the findings from our evaluation activity through the programme update papers.

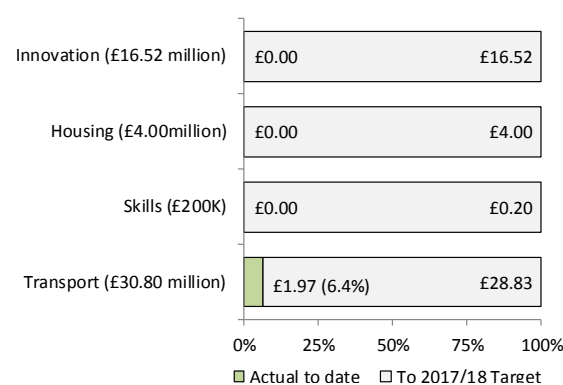
**Rachel Barker/Justine Davie**  
**21 September 2017**

## Summary of Live Projects (Q2 provisional update)

**£1.97 million**

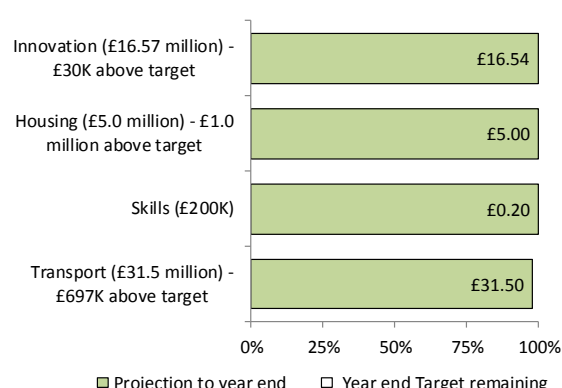
2017/18 Total Spend (distributed) to Date

## Proportion of funding distributed to date in 2017/18

**£51.52million**

2017/18 Total Annual Expenditure Target

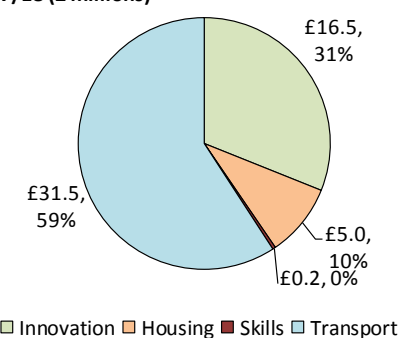
## Projected Expenditure to Year End Target

**£53.24 million**

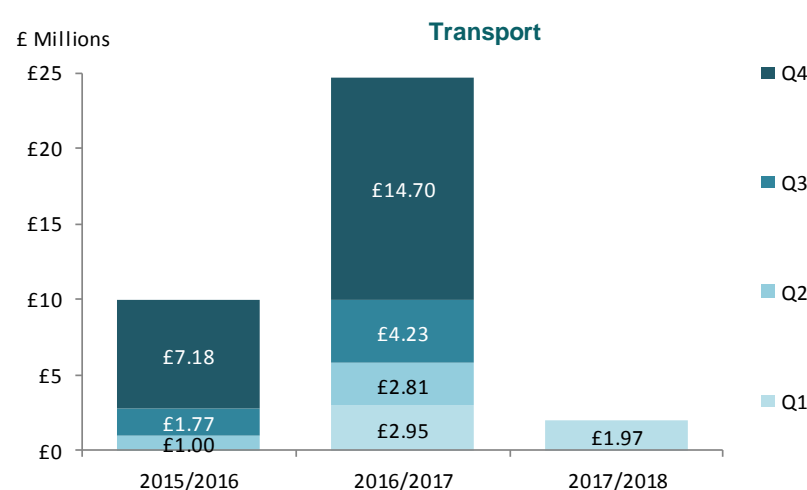
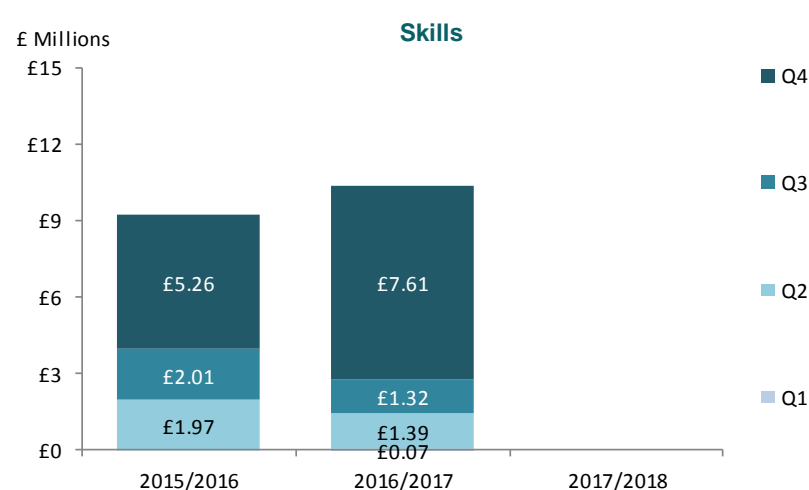
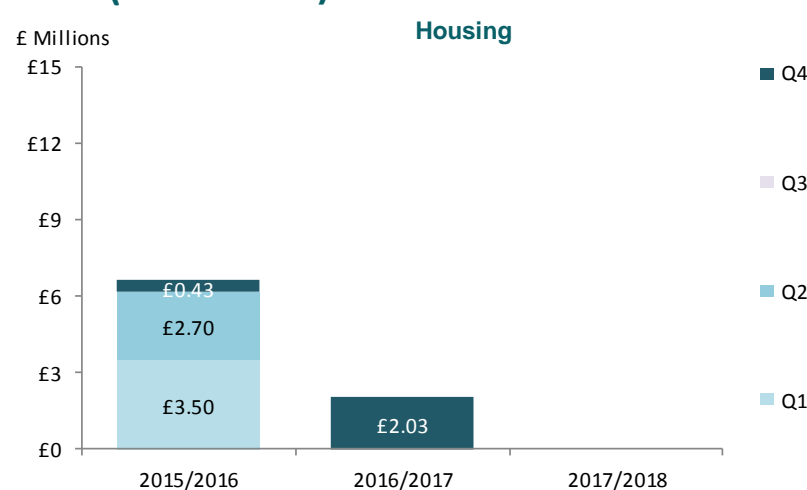
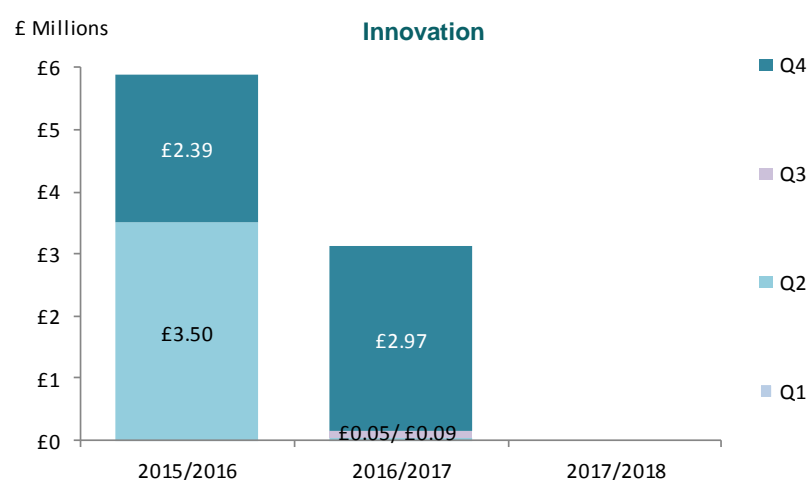
2017/18 Total Annual Projection of Expenditure

## Forecast of Expenditure 2017/18

Forecast of total Projection Expenditure 2017/18 (£ millions)



## Annual Funding Distributed (2015 -2018)



## Key Points

- Of the 35 'live' projects eight reported actual expenditure in Q1 2017/18, totalling £1,971,000 out of a Q1 target of £6,004,000 (30.8% of Q1 target).
- All Q1 expenditure took place under the Transport theme.
- No reported Q2 spend to date (31/08/17), but based on provisional figures.
- Revisions to targets for Q1 to Q4, as well as changes to projects (Juniversity added, and Camberley Town Centre Public Realm removed). The data should be read as provisional.
- Surrey transport claims due to be submitted in early September (Q2 2017/18) and total £299k. Once processed these will be reflected in the dashboard. Hampshire claims are due shortly and expected to be in line with forecasts.

## Comments

## Key achievements to date (Q2 provisional)

- Start on site at Runnymede Roundabout
- Practical completion at Whitehill and Bordon Future Skills Centre
- Start on site at Hart SANGS project First draft of outputs dashboard developed.

## Key Programme Risks

- Delays in committed schemes, particularly the Enterprise Zone programme which makes up a significant amount of forecast expenditure in 2017/18
- Business cases for projects forecasting expenditure in 2017/18 is still to be submitted and are expected to be presented to Board in November 2017.
- Programmes in the longer term (2018/19 onwards) still need to be developed in detail. This includes the skills programme, niche sector incubation and the digital connectivity for business programme.

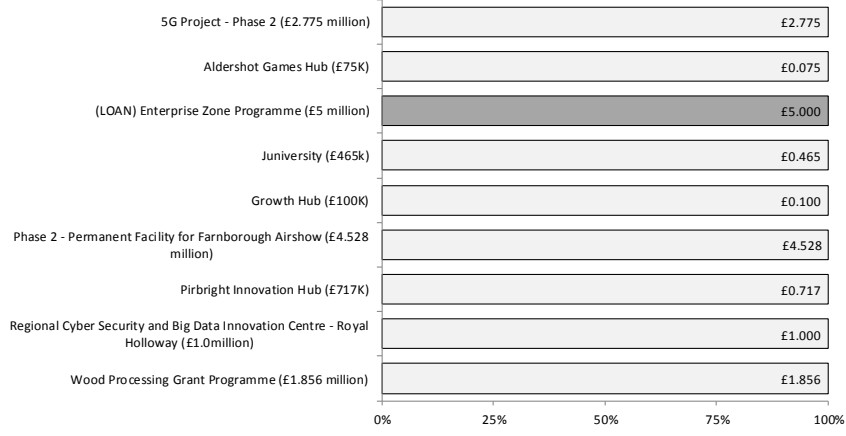
## Contracts Signed

- Juniversity has been agreed and is expected to be signed imminently.
- Contracts for Runnymede Roundabout and Lower Thames Flood defences are expected to be signed before PMG in November.

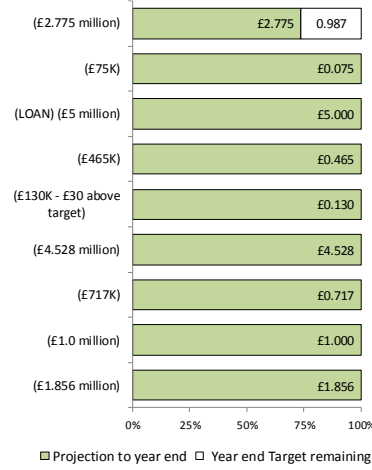
# Live Projects (provisional Q2 update)

## Innovation

Actual Spend To Date of 2017/18 Target



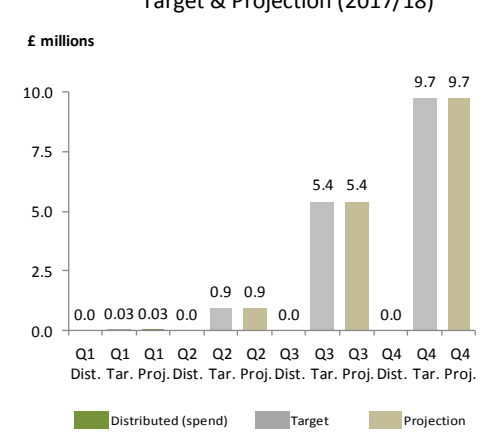
Projected Expenditure to Year End Target



Overall RAG



Quarterly Innovation Distributed, Target & Projection (2017/18)



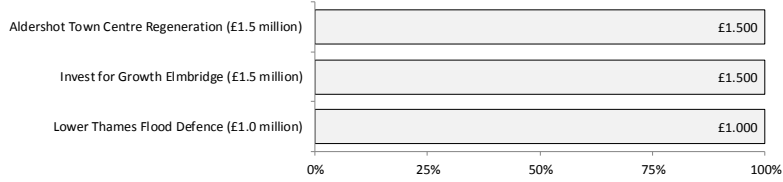
Values in the two graphs are in £millions

Actual to Date To 2017/18 Target

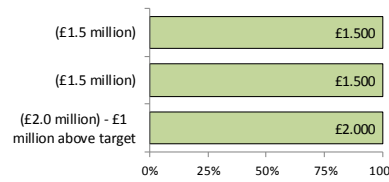
Projection to year end Year end Target remaining

## Housing

Actual Spend To Date of 2017/18 Target



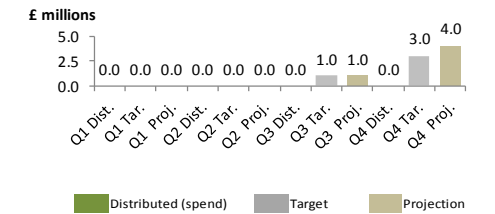
Projected Expenditure to Year End Target



Overall RAG



Quarterly Housing Distributed, Target & Projection (2017/18)



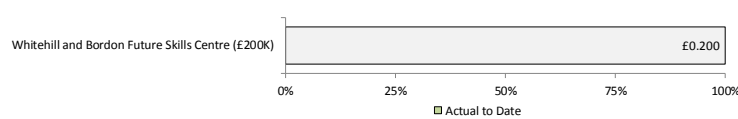
Values in the two graphs are in £millions

Actual to Date To 2017/18 Target

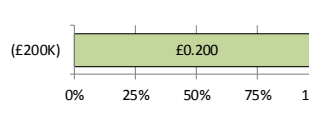
Projection to year end Year end Target remaining

## Skills

Actual Spend To Date of 2017/18 Target



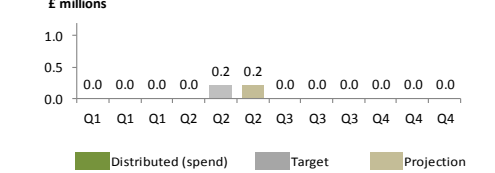
Projected Expenditure to Year End Target



Overall RAG



Quarterly Skills Distributed, Target & Projection (2017/18)



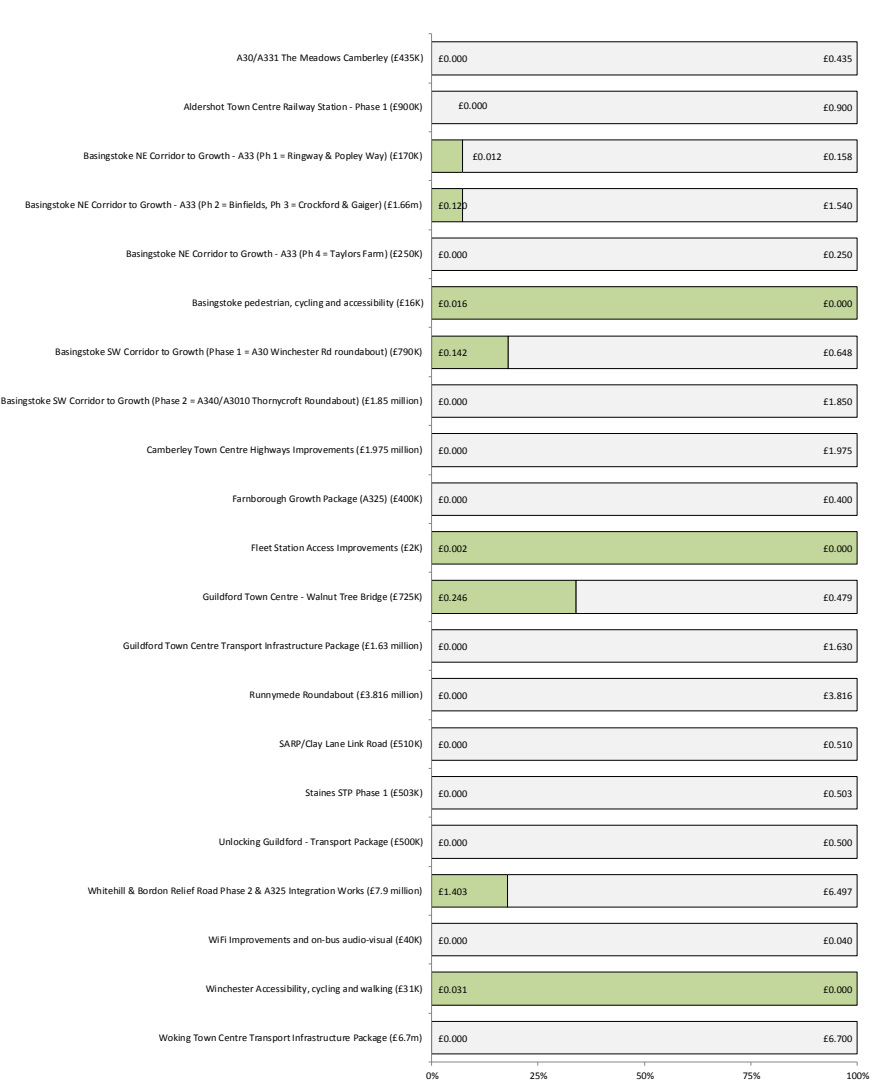
Values in the two graphs are in £millions

Actual to Date To 2017/18 Target

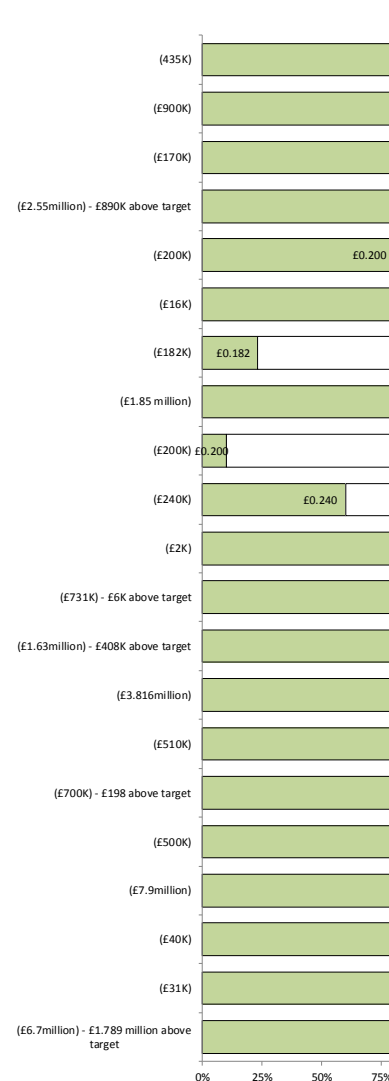
Projection to year end Year end Target remaining

## Transport

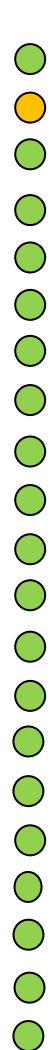
Actual Spend To Date of 2017/18 Target



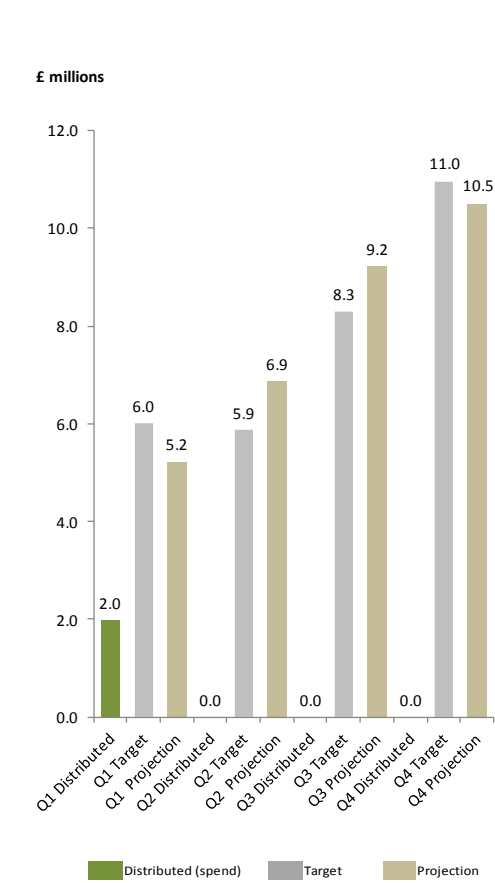
Projected Expenditure to Year End Target



Overall RAG



Quarterly Transport Distributed, Target & Projection (2017/18)



Values in the two graphs are in £millions

Actual to Date To 2017/18 Target

Projection to year end Year end Target remaining

RAG Key ● >80% ● 50% to 80% ● 50% < (Confidence project will be delivered)

Source: EM3 database updated 31/08/2017

Quarter 2 2017/18 data is provisional.

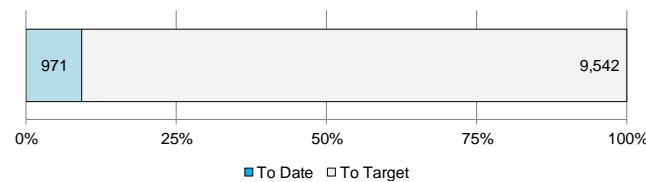
# Local Growth Fund Output Dashboard Total Outputs 2015-2025



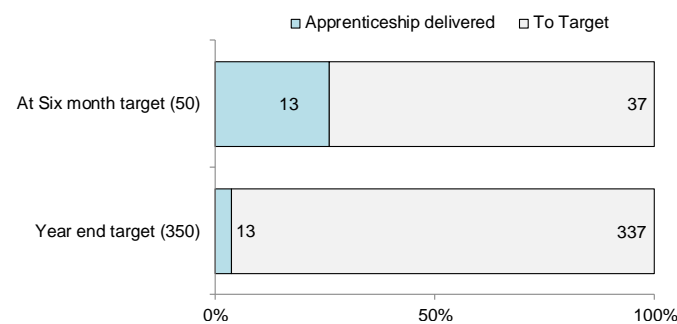
## Jobs Created\*

Target: 10,513 jobs  
 Created to date: **971 (9.2%)**  
 To meet Target: 9,542 (90.2%)  
 (\*Including safeguarded jobs)

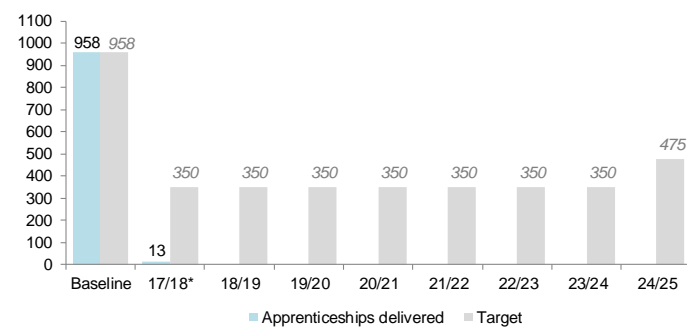
### Status to date (cumulative – 2015-2025)



### In year to date (2017-2018)



### Annual Time series (2015 – 2025)



**Measure:** permanent paid FTE jobs newly created or safeguarded as a direct result of the intervention.

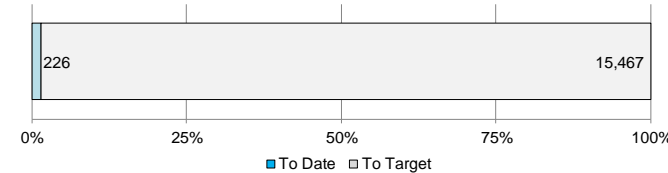
**Comments:** to date 9.2% (971) of the overall target has been achieved, with 958 jobs created or safeguarded during the baseline period and 13 created in 2017/18 (Gateway to National Parks). Eight projects contributed to the 971 jobs created to date, with the SANGs Pilot accounting for over half (54% - 527 jobs created/ safeguarded 54%), while the 5G added 250 (26%).



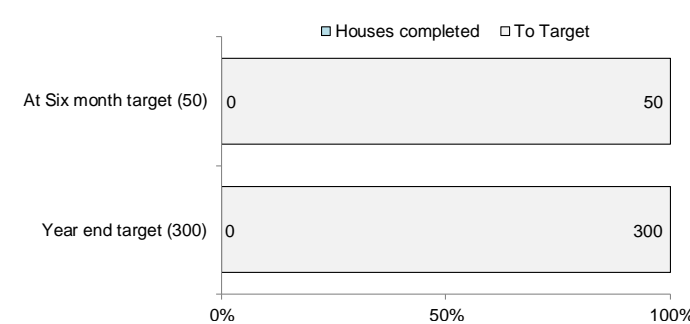
## Housing Units

Target: 15,693 units  
 Completed to date: **226 (1.4%)**  
 To meet target: 15,467 (98.6%)

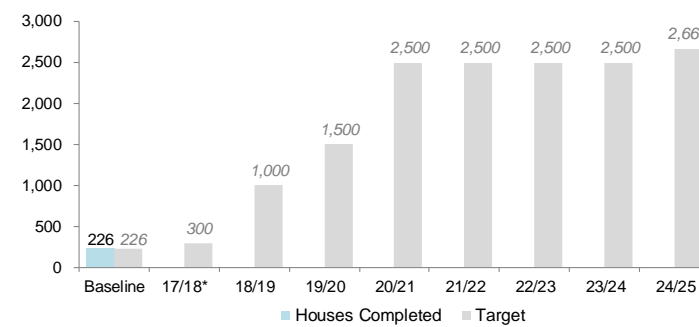
### Status to date (cumulative – 2015-2025)



### In year to date (2017-2018)



### Annual Time series (2015 – 2025)



**Measure:** number of housing units completed as a direct result of the intervention

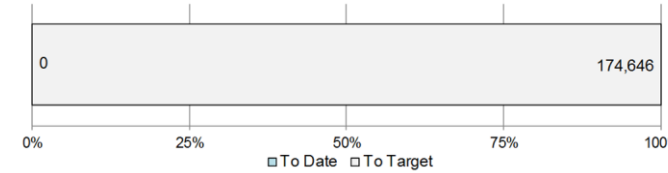
**Comments:** to date 1.4% of the target has been achieved with 226 housing units completed in the baseline period (2015/15-2016/17). Built out housing can be attributed to two projects. The SANGs Pilot accounted for two thirds with 150 houses (66.4%) and the East Hants Invest for Growth Initiative a further 76 completions.



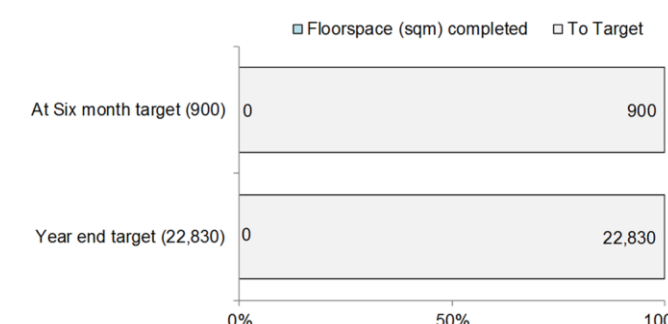
## Commercial Floorspace

Target: 174,646 sqm  
 Created to date: **zero sqm (0.0%)**  
 To meet target: 174,646 sqm (100%)

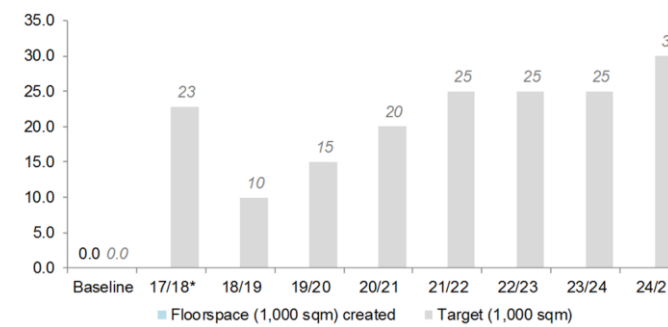
### Status to date (cumulative – 2015-2025)



### In year to date (2017-2018)



### Annual Time series (2015 – 2025)



**Measure:** commercial area created in square metres of floorspace.

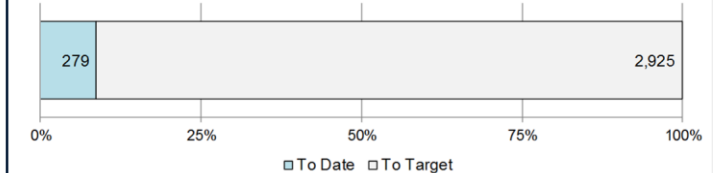
**Comments:** to date there has been no commercial floorspace create.



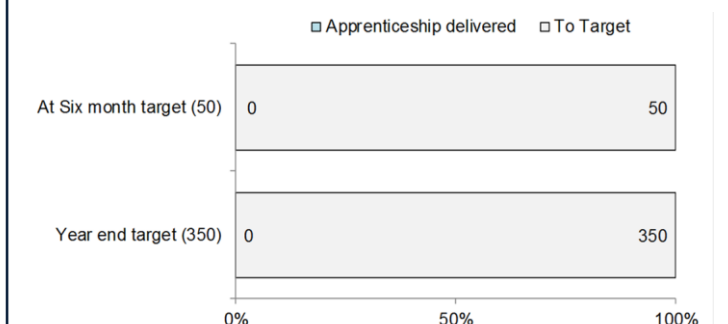
## Skills (Apprenticeships)

Target: 3,204 delivered  
 Delivered to date: **279 (8.7%)**  
 To meet target: 2,925 (91.3%)

### Status to date (cumulative – 2015-2025)



### In year to date (2017-2018)



### Annual Time series (2015 – 2025)



**Measure:** number of apprenticeships delivered as a direct result of the intervention.

**Comments:** to date 8.7% of the overall target achieved with 279 apprenticeships delivered in the baseline period (2015/16-2016/17). The apprenticeships have been delivered through four projects, although 221 (79%) have been delivered through the Brooklands College Ashford (out of 888 projected). A further 45 (16%) were delivered by Andover Technology and Skills Centre (out of 115 projected)