

**Enterprise M3 Board**  
**29 November 2016**  
**Understanding and Measuring our Impact – Item 9**

Enterprise M3 Board is asked to:

**NOTE** the work that is underway to better understand, measure and communicate our impact.

**NOTE** the results from the latest Local Growth Fund outputs report submitted to Government in November 2016.

**DISCUSS** how best information on the outputs and outcomes from our work can be reported to future meetings of the Board.

**1. Background**

- 1.1 Enterprise M3 undertakes a significant amount of work to monitor the outputs and outcomes from its activity, this work is increasing as a number of our projects move towards completion and start to deliver economic outcomes. At the moment, this monitoring activity is dispersed throughout the team and led by individual project managers and this piece of work aims to bring these separate workstreams together with a view to providing a more comprehensive picture of Enterprise M3's impact. It is proposed that this information will be made available to Action Group, PMG and Board Members so that it becomes a key tool in decision-making.
- 1.2 This paper sets out the approach that will be taken over the coming months to better understand and measure Enterprise M3's impact. Interim results from the work will be presented to meetings over the coming months, with a view to the format of future reports being finalised for 2017/18.

**2. Approach**

- 2.1 The Enterprise M3 team has recently been discussing how best we measure the impact of our work and in particular how we present this information to our stakeholders, including our own governance structures. In particular, we are keen to take forward an approach that:
- a) Equips the Enterprise M3 team and governance structures with up to date economic intelligence that informs decisions on Enterprise M3's activity
  - b) Equips the Enterprise M3 team and governance structures with up to date performance management information on the delivery of each of our projects and programmes
  - c) Ensures compliance with the reporting requirements for our various funding streams and our Assurance Framework
  - d) Highlights key strategic messages in a timely manner that can be communicated to our stakeholders
  - e) Measures not only quantitative measures of success but also qualitative measures, such as the Strategic Added Value of our wider activity.
  - f) Ensures that monitoring and evaluation becomes a key part of Enterprise M3's work, ensuring continuous improvement in our work.

2.2 Work has now taken place to understand what reporting Enterprise M3 is already doing both internally and externally. This work has illustrated that the majority of our internal reporting is focused around gathering and presenting information for our PMG and Board Meetings and given that we are still in the relatively early stages of our funding programmes these have typically focused on financial reporting. These reports are underpinned by the work of the Enterprise M3 Programme Management Office who meet at least once a month.

2.3 Our external reporting requirements have also been mapped and are shown in the table below. Typically, these reports have been subject to a number of format changes from Government, with the design being somewhat 'fluid' as the funding programmes become more established. Whilst these reporting structures may still be subject to changes by Government, we now have a strong general understanding of the information that they are seeking from us and this has helped considerably when discussing how best we take forward this work.

<b>Report</b>	<b>Detail</b>	<b>Frequency</b>
BEIS reporting on LGF and GEF projects	Reporting through LogasNet on our LGF projects. Update is based on previous quarter and relates to forecast and actual spend, match funding, start and completion dates and outputs.  BEIS now request GEF information by email, usually on a quarterly basis	Quarterly.
BEIS Growth Hub monitoring	Reporting on the performance of the Growth Hub during the previous two quarters	Every 6 months
BEIS Growth Hub End of Year report	Annual report on Growth Hub achievements	Annually every May
Enterprise Zones	Management information on the Enterprise Zone	Quarterly from July 2017
Careers and Enterprise Company	Performance reporting	Annually every September
Match funding report	Summary of match funding secured by Enterprise M3 for operational funding	Annually at the end of the financial year.

2.4 Our Annual Report, published annually in May, draws on the information gathered as a result of our internal and external reporting throughout the year. However, it is felt that as a team, we could do more to highlight to partners and our own governance structures the key outcomes and highlights from these reports in a more timely way and also to ensure that we have a mechanism for capturing and measuring our key successes outside of our projects and programmes.

2.5 Reflecting the diversity of activity that Enterprise M3 is involved in, the scope of this work is broad. It is proposed that initial activity to understand and measure our impact will focus on four key areas of work. This paper will go into detail on each of these areas, highlighting key milestones for the future.

## Macro-economic indicators

- 2.6 Enterprise M3 receives high-level economic information on a monthly basis and this is made available on our website. This is a mixture of dashboard style information and thematic reports. It is proposed that Enterprise M3 continues to commission and publish this information but that in addition to this, a series of high level economic indicators are made available at each Enterprise M3 Board meeting in order to provide context to discussions and decision making.
- 2.7 Work is currently underway to identify an appropriate set of macro-level indicators and it is intended that further detail will be tabled at the Board Meeting. It is envisaged that these indicators will be able to show change over time and give a 'picture' of the overall health of the economy and be presented in an accessible, one-page format. It is not intended that all indicators will be at an Enterprise M3 level (although we hope to have some at this geography) nor will they be ones that are considered to be directly linked to Enterprise M3's performance as an organisation.

## Measuring performance against the Strategic Economic Plan objectives

- 2.8 Our Strategic Economic Plan sets out a vision and targets for the Enterprise M3 area. The plan represents a strategic direction for the Enterprise M3 economy, that will not only be delivered by Enterprise M3 but also by its wider partners – Local Authorities, Further Education, Higher Education, the not for profit sector and the private sector.
- 2.9 The three targets set out in our 2014 Strategic Economic Plan were as follows:
- i) *GVA per capita – Increase GVA per head from 17% to 25% above the UK average, and 7% above the G7 average*
  - ii) *Jobs – Increase the employment rate from 77.4% to 80% by 202, with one in five of these jobs to be created in high-productivity sectors*
  - iii) *Business Birth and Survival – Increase the number of business births, creating 1,400 new businesses per annum and improve the new business five-year survival rate.*
- 2.10 We know from recent work on Growth Deal 3, that performance against these indicators has been strong. Our GVA now stands at 21.7% above the UK average and 5.3% above the G7 average. Our employment rate reached 78.8% in the year to March 2016 compared to 77.8% in the year to March 2015. This is the third highest rate in the South East and only 1.2 percentage points below our target for 2020. Of these jobs, approximately 1 in 10 jobs created in Enterprise M3 were high productivity jobs. In terms of business birth and survival, 450 new businesses were born in Enterprise M3 in 2012 and this rose to 1,590 in 2013. This is considerably above our annual target of 1,400 and early indications show that the number of new enterprises in Enterprise M3 remained broadly unchanged in 2014. The indicator for the five year survival rate established a baseline figure for businesses created in 2007, which are still operational/trading in 2012. Currently 48.3% are still trading which is 3.7% higher than the UK business survival average. Some 7,750 businesses were born in 2008 of which 45.5% survived 5 years later.
- 2.11 Progress against these indicators will continue to be presented to the Enterprise M3 Board as relevant data sets become available. In addition, work to refresh our Strategic Economic Plan will commence in January 2017 and this will include a review of the indicators used to measure the delivery of the plan. It is proposed that these will become more of a management 'tool' for the Enterprise M3 Board and its governance structures. It is intended that work on the Strategic Economic Plan will conclude in summer 2017 and new performance measurement indicators will be available at this time.
- 2.12 Alongside these indicators, we will look to develop a series of qualitative indicators that help to measure Enterprise M3's Strategic Added Value. This is in recognition of the fact

that the impact of Enterprise M3's work is often reflected in collaborative working which isn't always reflected in quantitative data. This information will focus on the outcomes and outputs that have resulted from Enterprise M3's intervention and actions.

### **Understanding the outputs and outcomes from our funded programmes**

- 2.13 In addition to understanding a broader economic picture, it is also necessary to measure the performance and impact from projects and programmes delivered by Enterprise M3 – notably Local Growth Fund and the Growing Enterprise Fund but also other areas of activity in which we are involved including Growth Hub, Enterprise Zones and the Careers and Enterprise Company.
- 2.14 Currently our work to measure the outputs and outcomes from our various projects and programmes is undertaken in order to comply with Government reporting deadlines (as set out in paragraph 2.3) but these have not as yet been brought together in a comprehensive way to show the cumulative impact of Enterprise M3's activity.
- 2.15 Pulling together this information is a key priority for the Enterprise M3 team and it is intended that a 'dashboard style' outputs document will be developed for use by the PMG and Board. This will show the forecast outputs/outcomes from each of our projects and programmes alongside our progress to date in delivering those outputs/outcomes. It is anticipated that the first of these dashboards will be available at the January PMG and Board meeting.
- 2.16 Linked to this activity, Government has recently requested an update on the outputs delivered and forecast for all our Local Growth Fund projects. This information showed that over the course of the Growth Deal period, we anticipate that our Growth Deal 1 and 2 projects will unlock nearly 15,000 new homes and support over 8,000 jobs. Our latest return to Government, showed that in 2015/16 we created/safeguarded 189 jobs and over £40m of match funding was secured for our projects, with nearly half of this from the private sector. Our forecasts for 2016/17 show that we expect to secure nearly £50m of match funding and see our first housing completions with over 200 new homes. In addition, our skills projects have resulted in over 9,000 square metres of new and/or refurbished space being available in our Further Education Colleges.

### **Evaluation**

- 2.17 As a number of our projects and programmes are now completed, it is important that evaluation activity takes place in order to understand the impact of each project and also to learn lessons to inform future delivery. All legal agreements for our projects include a requirement for evaluation to take place and these vary in scale and scope according to the nature of the individual project. A number of initial evaluations for our projects are planned for 2017/18, including for our Growth Hub and the Enterprise M3 Funding Escalator and the results of this work will be reported to the Board in due course. A proposed schedule for evaluation activity for 2017/18 will be presented to the Board in March 2017.

### **3. Conclusion**

- 3.1 This paper sets out a number of areas of activity that will be taken forward by the Enterprise M3 team in the coming months that are aimed at measuring, understanding and communicating the impact of Enterprise M3's activity. The Enterprise M3 Board will play a key role in this work as this information will be a vital management tool to help guide future activity. The comments of the Board are sought at this initial stage in order to shape the direction of this work.