

Enterprise M3 Board

30 November 2017

Local Growth Fund Programme Update – Item 12

Enterprise M3 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 the recommendation that Woodfuel Hub Network project will not be continued beyond 31 March 2018.

1. Growth Deal Update

- 1.1. It has been a busy few months for the Local Growth Fund, with a number of project ‘openings’ and launch events over recent weeks. These have included the official opening of the Brockenhurst College STEM centre and the Whitehill and Bordon Future Skills Centre in October 2017 and the University Centre Farnborough officially opened on 14 November 2017. The Business and Enterprise Centre in Whitehill and Bordon (branded as BASE Bordon Innovation Centre) also opened its doors on 20 November 2017. This flurry of activity will give us a strong set of case studies to discuss with Government at our forthcoming Annual Conversation on 24 November 2017.
- 1.2. 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 £72.2m 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	5.94	44.1	-1.6m	13%
Total	121.8	74.8	113	-8.8m	61.4%

- 1.3. **Total spend for 2015-18 is forecast at £113m, which is £8.8m 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 and this remains our position. We are also currently forecasting that we will distribute 96% 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.

- 1.4. Expenditure figures to date remain low but do not yet include claims for any of Surrey County Council's transport projects for activity between July and September 2017. These are expected imminently and a verbal update on the current position will be given at the Board meeting. The team are working hard to emphasise the importance to partners of timely claims and early warning if things are not proceeding as planned. The funding that we will be making available through the Design Advancement Fund (see item 6) will help scheme promoters accelerate scheme development and give Enterprise M3 more control over the timing of the receipt of full business cases in future years.
- 1.5. Board members will note that the forecasts presented in the table forecast £400k less expenditure in 2017/18 than had been presented in September 2017. We also have identified a further £2m of 'at risk' expenditure which we will be focusing on closely in the coming weeks: The key components of this £2m of risk are as follows:

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. In September 2017, it was thought that £5m would be spent in 2017/18 with the remainder of funding being used to support funding in 2018/19. However, since this date this forecast has been revised to £4.3m to reflect the most up to date information in business cases for the individual projects (4 in total) and further detail on each of the individual projects is given in the Directors Report.

Farnborough Growth Package – The main works for this project are forecast to start in early 2019 but £250k had been forecast in this financial year to support associated advance works. It is now thought that these advance works will not take place in 2017/18 and therefore it is proposed that this is removed from the forecast for 2017/18. We will be updating the forecasts for this project shortly to reflect the latest delivery programme.

Aldershot Railway Station – This project suffered delays following the move of the franchise from South West Trains to South Western Railway. We have been working closely with Rushmoor Borough Council to promote the benefits of this project to the new franchise holders and hope to make progress very shortly following a series of meetings in October 2017. However, it is possible that not all of the forecast £900k will be spent this financial year and we have reflected our forecasts to take account of this risk.

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 and have applied for Design Advancement Fund to support this work. This has resulted in £75k being removed from the 2017/18 LGF programme and also the £250k allocated for the 5G testbed (from 5G Phase 2) also being 'at risk'. We are working with Rushmoor to understand the timetable for this additional work and will look to make a final decision on this funding allocation in January 2018, giving consideration to alternative locations for a 'testbed' facility.

Wood Processing Grant Programme (delivered on behalf of Enterprise M3 by Surrey County Council) – 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). It now appears that expenditure in this year will be significantly less than the revised forecast provided to us by Surrey County Council in August 2017 and forecasts have been revised to reflect this. Given this low take up and in line with the contract for this project, it is proposed that Enterprise M3 ceases to fund this project from 31 March 2018 and reallocates the LGF funding for other projects in later years. PMG endorsed this approach at their recent meeting.

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.

2. Dashboards

2.1. An outputs dashboard has been amended to reflect the comments received by PMG and Board in September 2017 and also updated to reflect the latest project information. Having reviewed the forecast for outputs, we remain confident that we will be able to deliver our headline output targets for the end of this financial year and text has been added to the dashboard to show where we expect to see these delivered.

2.2. Work is ongoing to review outputs data for the longer term and we have been requesting more detailed information from all of our project partners to ensure that we can accurately forecast outputs for later years.

2.3. 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.

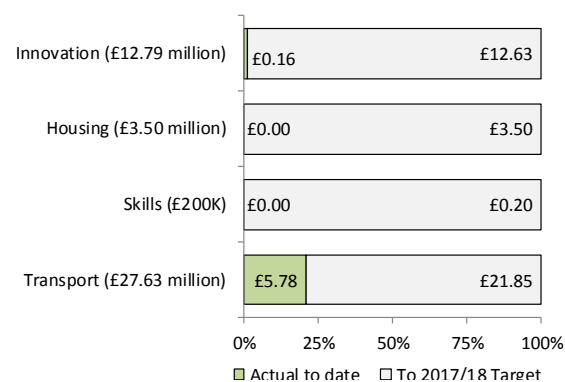
Rachel Barker
21 November 2017

Summary of Live Projects (Q3 provisional update, subject to revision)

£5.94 million

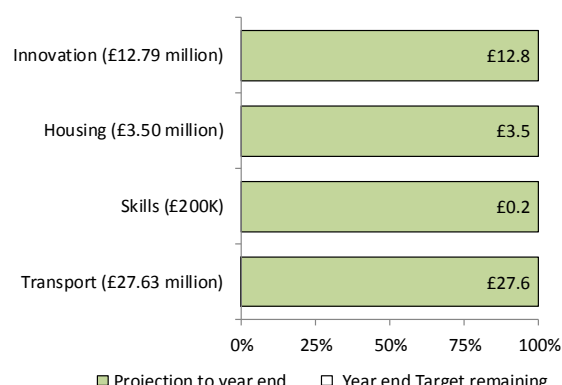
2017/18 Total Spend (distributed) to Date

Proportion of funding distributed to date in 2017/18

**£44.12 million**

2017/18 Total Annual Expenditure Target

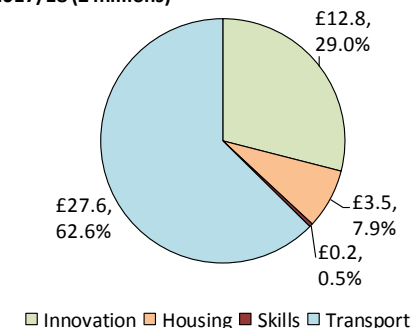
Projected Expenditure to Year End Target

**£44.12 million**

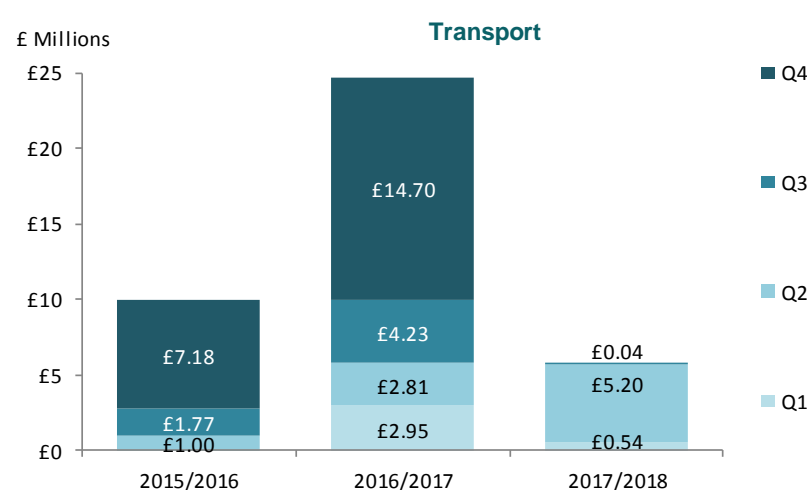
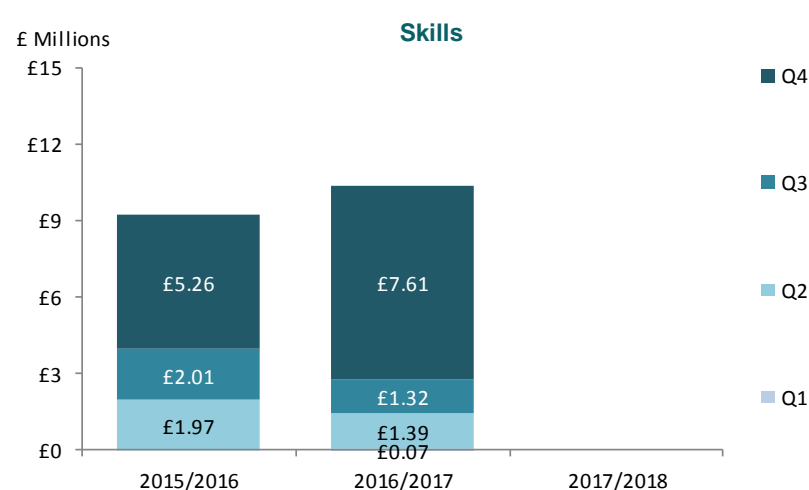
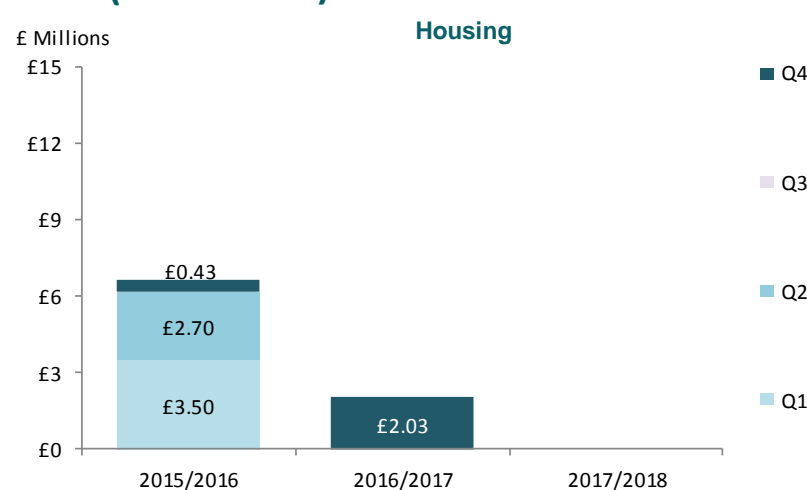
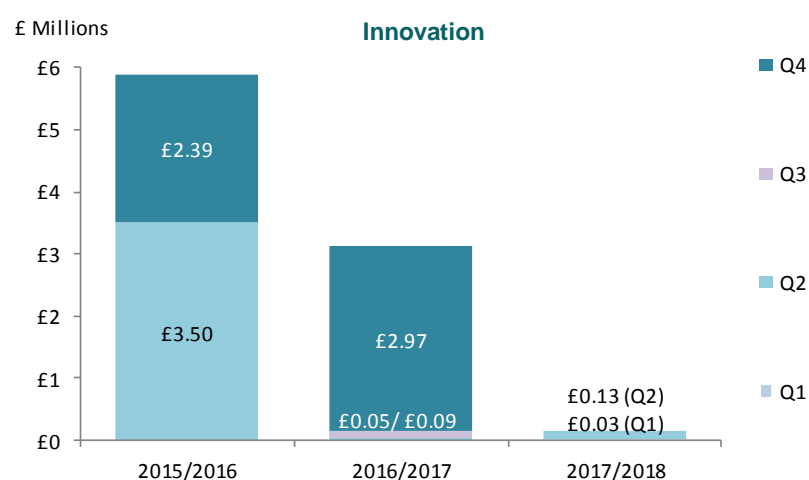
2017/18 Total Annual Projection of Expenditure

Forecast of Expenditure 2017/18

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



Annual Funding Distributed (2015 -2018)



Key Points

- There are currently 33 'live' projects. Actual expenditure in Q1 2017/18 totalled £567K out of a Q1 target of £567K (100% of Q1 target). Q2 expenditure was £5.33 million out of a Q2 target of £5.53 million (96% of Q2 target).
- Provisional Q3 expenditure reported so far to date and covering October to mid November was £40K (less than 1% of Q3 target). A much fuller picture will become apparent with the full Q3 dashboard in January 2018.
- The majority of expenditure (funds distributed) cover transport projects, with some relatively small expenditure under innovation. Housing and skills are yet to see reported expenditure in 2017/18.
- Of the two projects recording expenditure in Q2, by far the largest was the Woking Town Centre Transport Infrastructure Package with £2.81 million and followed by £1.7 million Whitehill Bordon Relief Road (Phase 2 and A325 integration works).
- Claims from Hampshire and Surrey County Councils for transport expenditure incurred between July and September 2017 will be submitted to Enterprise M3 shortly and will be reflected in the January dashboard. We expect these claims to be in line with forecasts.

Comments

Key achievements to date (Q2 provisional)

- Official opening of Whitehill and Bordon Future Skills Centre and Brockenhurst STEM Centre.
- Opening of BASE (Bordon Innovation Centre) expected in November 2017
- Official opening of University Centre Farnborough on 14 November 2017

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 are still to be submitted and are expected to be presented to Board in November 2017 and January 2018.
- 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.

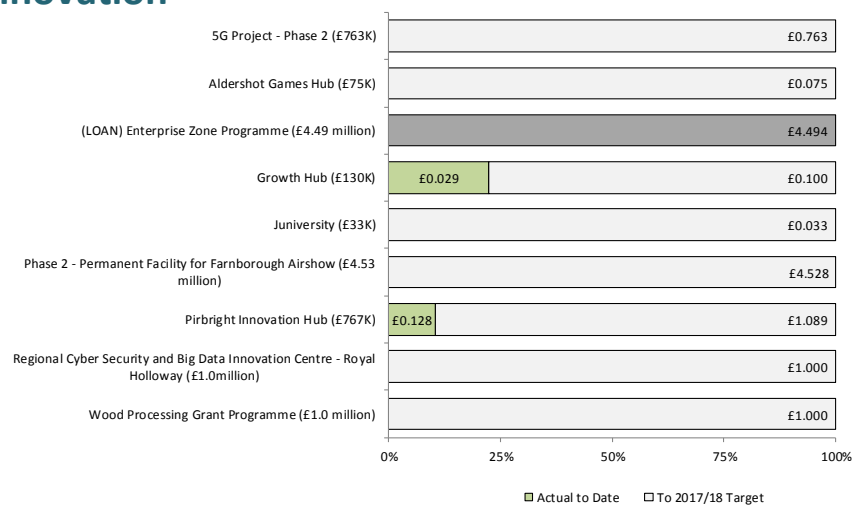
Contracts Signed

- Runnymede Roundabout contract has been signed
- Juniversity has been agreed and is expected to be signed imminently.
- Lower Thames Flood Defences contract expected to be signed before end of the year.
- Basingstoke EZ contracts being developed and first expected to be signed shortly

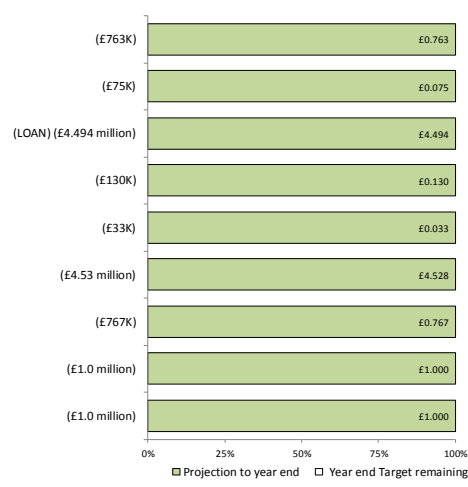
Live Projects (provisional Q3 update, subject revisions)

Innovation

Actual Spend To Date of 2017/18 Target



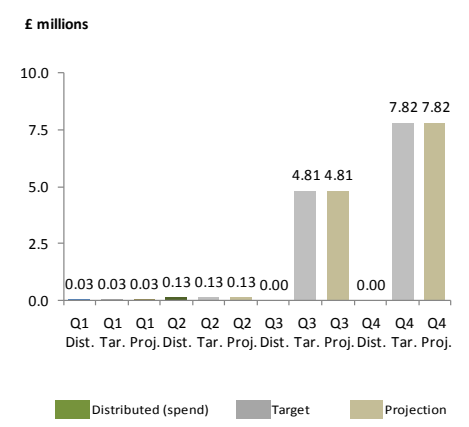
Projected Expenditure to Year End Target



Overall RAG



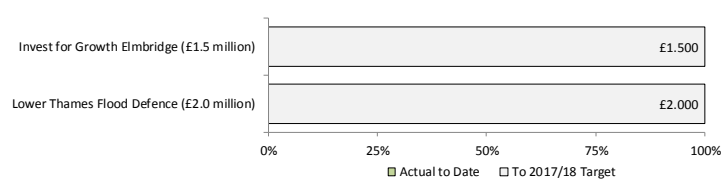
Quarterly Innovation Distributed, Target & Projection (2017/18)



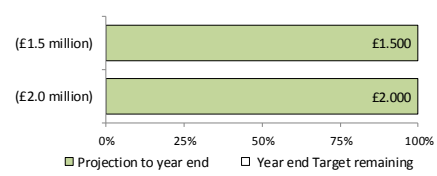
Values in the two graphs are in Emillions

Housing

Actual Spend To Date of 2017/18 Target



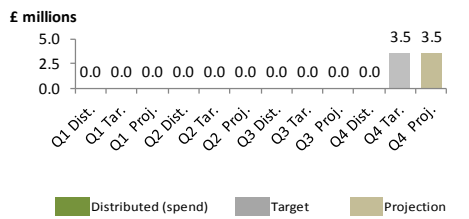
Projected Expenditure to Year End Target



Overall RAG



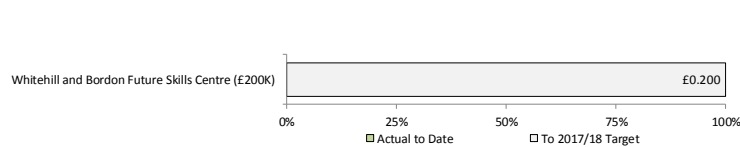
Quarterly Housing Distributed, Target & Projection (2017/18)



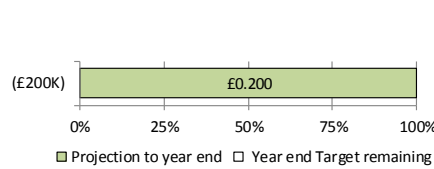
Values in the two graphs are in Emillions

Skills

Actual Spend To Date of 2017/18 Target



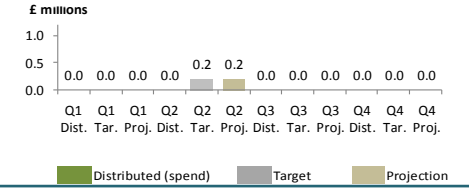
Projected Expenditure to Year End Target



Overall RAG



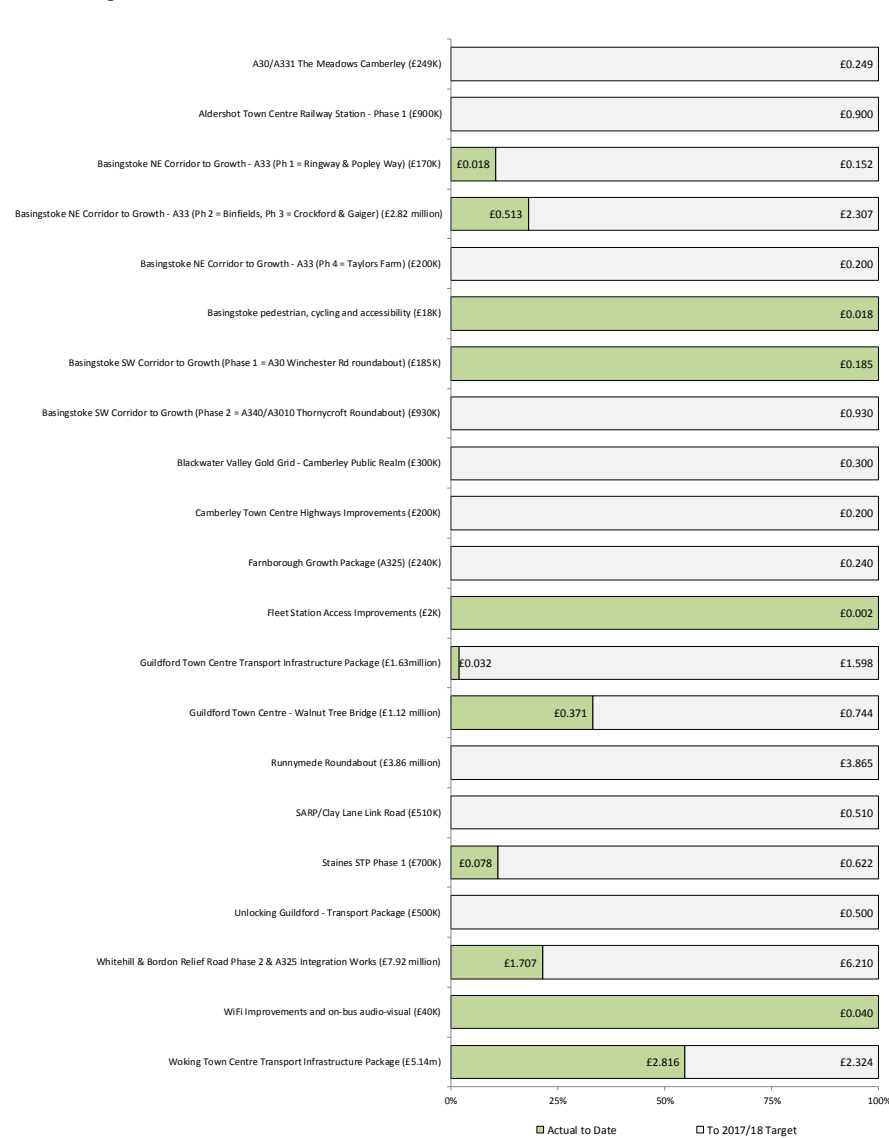
Quarterly Skills Distributed, Target & Projection (2017/18)



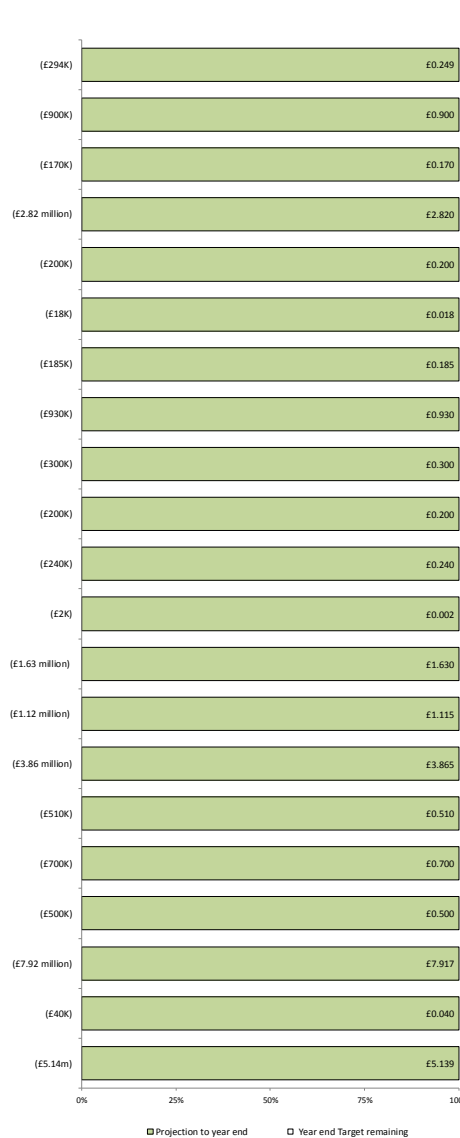
Values in the two graphs are in Emillions

Transport

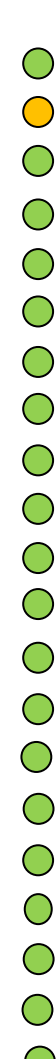
Actual Spend To Date of 2017/18 Target



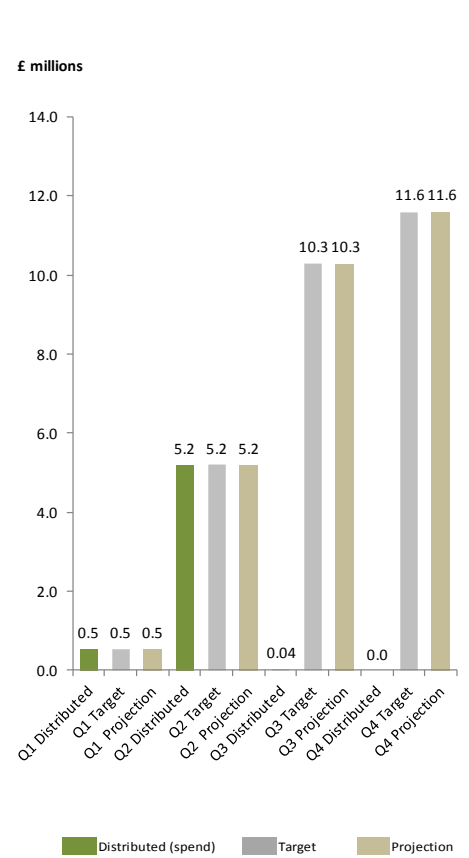
Projected Expenditure to Year End Target



Overall RAG



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



Values in the two graphs are in Emillions

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

Source: EM3 database update revised 15/11/2017

Quarter 3 2017/18 is a revision of the provisional data extracted from the database mid November 2017

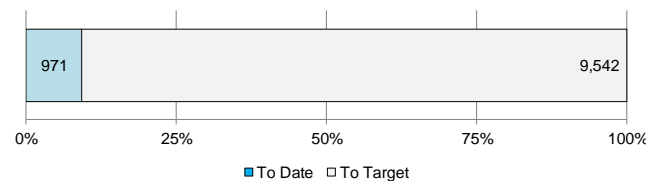
Local Growth Fund Output Dashboard Total Outputs 2015-2025



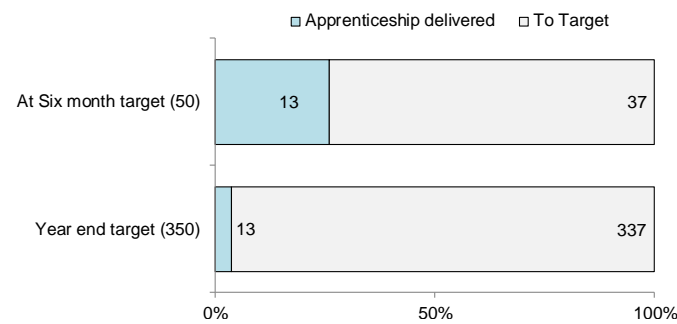
Jobs Created*

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

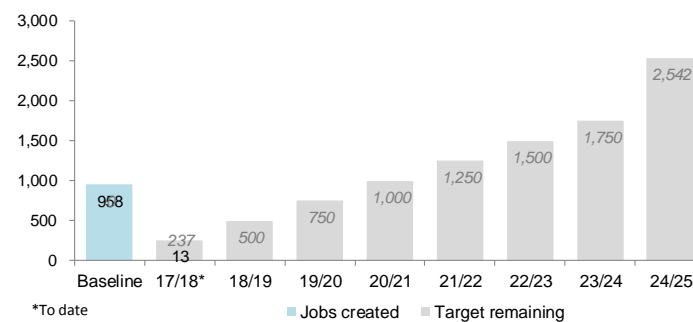
Status to date (cumulative – 2015-2025)



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.

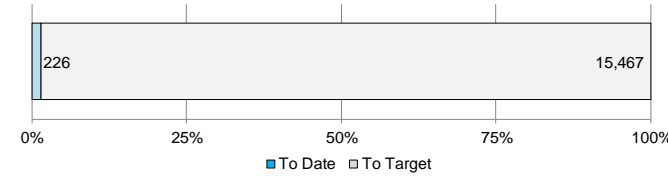
Comments: to date 9.2% (971) of the overall target has been achieved, with 958 jobs created or safeguarded during the baseline period and 13 created in 2017/18 (Gateway to National Parks). Eight projects contributed to the 971 jobs created to date, with the SANGs Pilot accounting for over half (54% - 527 jobs created/ safeguarded 54%), while the 5G added 250 (26%). The following projects are forecast to deliver jobs in 2017/18: SANGS pilot, East Hants Invest for Growth, 5G, Whitehill and Bordon Business and Enterprise Centre, Marwell Wildlife and the Gateway to National Parks



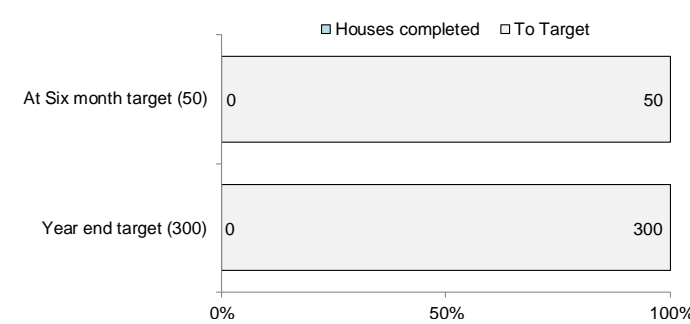
Housing Units

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

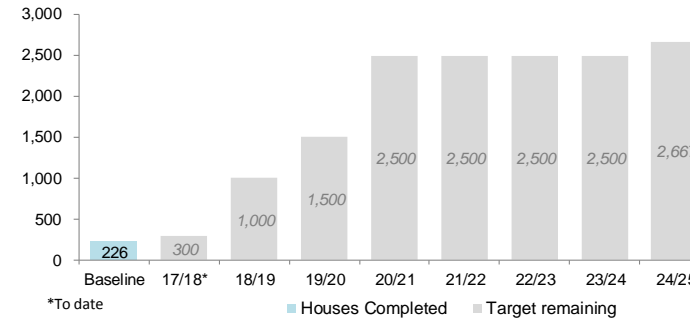
Status to date (cumulative – 2015-2025)



In year to date (2017-2018)



Annual Time series (2015 – 2025)



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

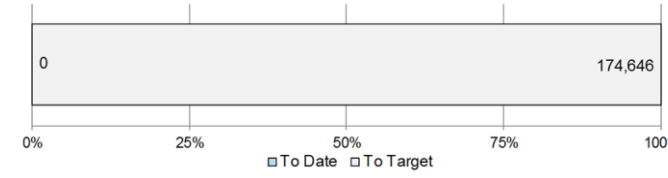
Comments: to date 1.4% of the target has been achieved with 226 housing units completed in the baseline period (2015/15-2016/17). Built out housing can be attributed to two projects. The SANGs Pilot accounted for two thirds with 150 houses (66.4%) and the East Hants Invest for Growth Initiative a further 76 completions. The following projects are forecast to deliver housing completions in 2017/18: Basingstoke North Corridor, SANGs pilot, Hart SANGS



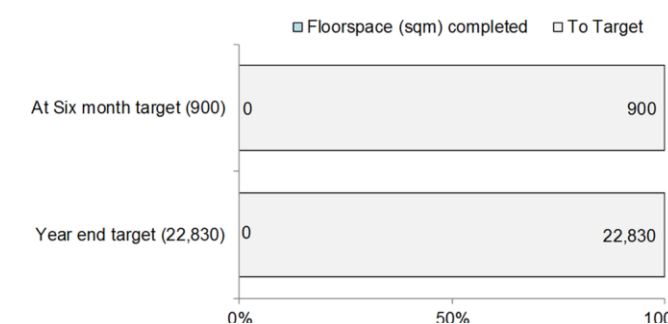
Commercial Floorspace

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

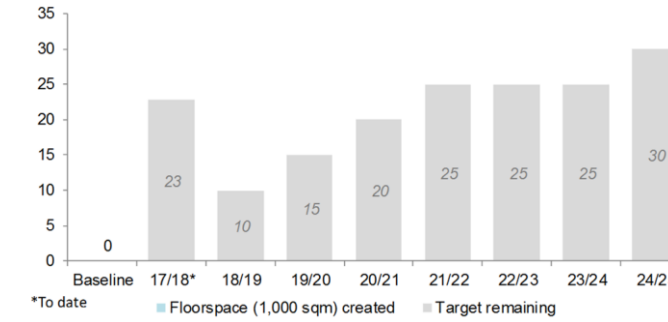
Status to date (cumulative – 2015-2025)



In year to date (2017-2018)



Annual Time series (2015 – 2025)



Measure: commercial area created in square metres of floorspace.

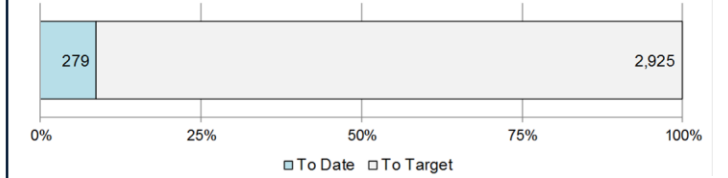
Comments: to date there has been no commercial floorspace create. The following projects are forecast to deliver commercial floorspace in 2017/18: Whitehill and Bordon Business and Enterprise Centre, Marwell Wildlife, East Hampshire Invest for Growth and Farnborough International Ltd.



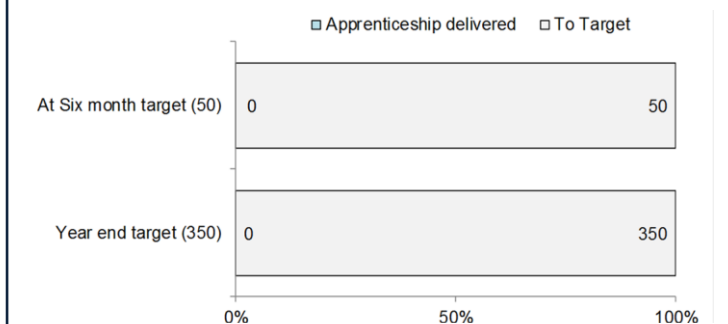
Skills (Apprenticeships)

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

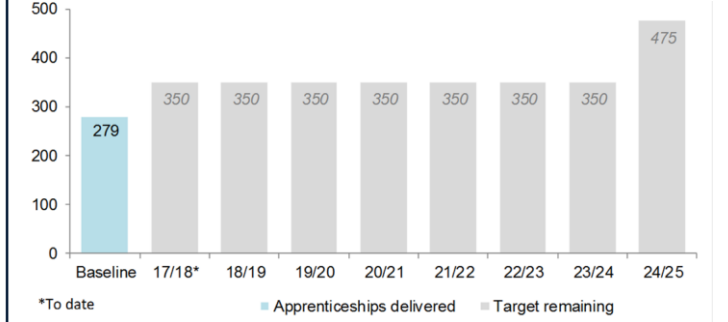
Status to date (cumulative – 2015-2025)



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 (2015-2017). The apprenticeships have been delivered via four projects, although 221 (79%) were by Brooklands College Ashford (out of 888 projected). A further 45 (16%) were delivered by Andover Technology & Skills Centre (out of 115 projected). The following are forecast to deliver apprenticeships in 2017/18: Andover Technology & Skills Centre, Brooklands College, Brockenhurst College, University Centre Farnborough, Whitehill & Bordon Future Skills Centre, and Risual Microsoft Academy.