

Enterprise M3 Programme Management Group

22 May 2019

Capital Programme Update – Item 13

Enterprise M3 Board Directors are asked to:

- NOTE:** the final position on expenditure to end of 2018/9
- NOTE:** the final position on outputs to the end of 2018/19
- NOTE:** the current progress in delivering Enterprise M3’s capital programme

1. Background - Enterprise M3 Capital Funding

- 1.1. Since the Enterprise M3 Board last met in March 2019, we have seen a number of key achievements within our capital programme, including:
- Expenditure of £36.9m of Local Growth Fund in 2018/19. This was above the forecast given at the Annual Performance Review with Government in January 2019. £10m of this funding was given as loans and will allow Enterprise M3 to re-invest the funding at a later date. This achievement represents a huge effort by the whole team and our delivery partners to accelerate the delivery of projects in 2018/19, with 28 new contracts signed over the course of the year. A key aim for 2019/20 is to maintain this momentum into the new financial year.
 - A further strengthening of our year end position for 2018/19 in terms of outputs with both the jobs created/forecasted, new homes completed and new commercial floorspace completed targets having been exceeded.
 - The second closing date following the launch of our new Prospectus in December 2019. We received nine bids, seeking over £11m of funding from Enterprise M3. These proposals are currently being reviewed and we will report these to PMG at a telephone conference meeting in June 2019.
 - The submission of our draft Delivery Plan to Government, this will be finalised by the end of May 2019 and published on the Enterprise M3 website. A summary of the key deliverables relevant to our capital programme is given in section 3 of this paper.

2. 2018/19 Year End Position

2.1 Enterprise M3 was allocated a further £36.81m for the 2018/19 financial year from its agreed £219m six year Growth Deal with Government. To date, we have received £158.6m of Local Growth Fund from Government, of which £136.3m has been distributed to projects. The table below shows this information by year.

	LGF Funding Allocated (£m)	Actual Funding Distributed to date (£m)	% of Allocation Distributed
2015/16	35.3	28.7	81%
2016/17	40.8	40.2	99%
2017/18	45.7	30.5	67%
2018/19	36.8	36.9	100%
Total	158.6	136.3	86%

2.2 The table reflects the final expenditure figures for 2018/19 for our Local Growth Fund. In 2018/19, Enterprise M3 distributed £36.9m of funding to projects across Hampshire and Surrey and this represented just over 100% of funding available in that year. All remaining funding from

2017/18 will be carried forward to Enterprise M3's 2019/20 capital programme and it is anticipated that it will be fully utilised by the end of the financial year. Overall, Enterprise M3 has distributed just over £136m of funding since the Local Growth Fund programme began in 2015 and this represents 86% of our available allocation. A final expenditure dashboard for 2018/19 is attached at Appendix 1.

- 2.3 In terms of project outputs, the following outputs have been delivered over the course of 2018/19 and the table below summarises performance against the targets set at the beginning of the financial year.

Output	2018/19 forecast	2018/2019 actual	Total delivered to date (2015/16 – 2018/19)
Jobs created/safeguarded	694	1,603	3,856
New homes completed	549	925	1,547
Commercial floorspace completed (sqm)	3,630	4,252	25,452
Apprenticeships supported	406	290	1,196
New/refurbished learning floorspace (sqm)	10,302	8,302	17,387
New Learners	2,893	2,708	5,264

- 2.4 A final outputs dashboard for 2018/19 is attached at Appendix 2. Our Annual Report will report fully on the figures above, as well as performance across a range of our activity using a number of measures.

3. 2019/20 Capital Programme and the Delivery Plan

- 3.1 LEPs must now produce a Delivery Plan which sets out what is expected to be delivered over the financial year 2019/20. This is a new requirement from Government and focused largely on the capital funding for which LEPs are responsible. A draft of the plan was submitted to Government at the end of April and a final document must be published on the Enterprise M3 website at the end of May 2019. Board Members will be signing off a near-final draft of this plan as part of Item 9.
- 3.2 This plan sets out that over the course of 2019/20, Enterprise M3 will deliver the following through its capital programme:
- Local Growth Fund expenditure of £45m
 - 2500 jobs created/safeguarded
 - 1000 new homes completed
 - 9,000sqm of new employment floorspace
 - Support 300 apprenticeships
 - Create/refurbish 5,000sqm of learning floorspace
- 3.3 The measures above will form our key performance indicators with Government and will be the baseline against which we will report our progress across 2019/20 and will form the basis of our Annual Performance Review. Our usual expenditure and output dashboards will be updated to reflect this information and will be available from the June 2019 PMG and July Board Meetings.
- 3.4 We will also continue to report to PMG and Board on the following detail in order to provide a regular update on the progress against our targets:

Key Performance Indicators – May 2019

Key Performance Indicator	Current forecast	Actual (as at 1 May 2019)	Change since last report
Expenditure <ul style="list-style-type: none"> Expenditure of £45m of LGF in 2019/20 Total LGF expenditure across programme to date of £181m (103% of the total allocation to date) 	£45m £181m	£0m £136m	N/A N/A
Income from loan repayments - £2.42m in 2019/20	£2.42m	£0m	N/A
Outputs <ul style="list-style-type: none"> 2500 jobs created/safeguarded 1000 new homes completed 9000 sqm commercial floorspace completed 300 apprenticeships supported 5000sqm learning floorspace completed/refurbished 	2500 1000 9000 300 5000	0 0 0 0 0	N/A N/A N/A N/A N/A

3.5 As we are now in the penultimate year of the Local Growth Fund programme, it is also important to keep our contractual commitments under review. The Enterprise M3 Board have agreed an approach by which we can over-programme by 10% and our loan repayments and the combined management of the LGF and GEF allow us some flexibility about how we manage the individual projects over the course of the next two years. We are also continuing to strengthen our pipeline of projects and the detail below provides Board Directors with the latest information on contractual commitments, allocated funding and available unallocated funding as at the 14 May 2019.

- LGF/GEF funding available (including 10% over-programming) 2019/20 – 2020/21: £112m
- Contractual commitments: £35.6m (32%)
- Approved projects still subject to contract: £32.1m (28%)
- Allocated funding not yet approved by PMG/Board: £45.1m (40%)
- Available funding to allocate to new projects: £0m

3.6 As the figures above show, there is no available funding to allocate at this current time although we anticipate some change within the programme over the coming weeks and months and will be monitoring this closely. Enterprise M3 Board Directors are being asked to consider approving/recommending approval for £10.45m of projects at the May meeting. Should these papers at item 12 on the agenda be agreed, this would impact the figures in the following way:

- Approved projects still subject to contract - £42.6m (38%)
- Allocated funding not yet approved by PMG/Board - £34.7m (31%)

4. Projects awaiting approval

4.1 As 40% of the capital programme is still subject to either PMG/Board approval, it is proposed that the presentation of full business cases to these groups is closely monitored. We will look closely at projects that are slipping from their expected Business Case submission date and may take action to replace them with projects from the emerging 'Development Pool' where appropriate. The advice of PMG will be sought before any action is taken to remove projects from the programme.

Project	Amount	Expected date for business case to Board/PMG	Change since last PMG/Board meeting
Innovation South Virtual Campus	£0.49m	May 2019	Expected to go to PMG in July 2019
Guildford Housing Zone	£7.5m	May 2019	Expected to go to PMG & Board in July 2019
Basingstoke SW Corridor to Growth – Brighton Hill	£13m	July 2019	
Aldershot Town Centre Regeneration	£1.2m	July 2019	
Blackwater Valley Gold Grid Public Transport Corridor – Hampshire Elements	£1.5m	July 2019	
Basing View 5G Living Lab	£2.4m	July 2019	
Health Tech Accelerator	£2.16m	July 2019	
Performance Materials Innovation Centre	£2m	July 2019	
Aerospace Research and Innovation Centre	£2.56m	July 2019	
Fleet Pond Green Corridor	£2.1m	July 2019	
Guildford Bike Share Scheme	£0.3m	July 2019	
North Downs Line	£0.95m	July 2019	

**There will be an additional PMG meeting on 18 June 2019 and we are looking to bring forward some of these projects for that meeting to avoid lengthy agendas at July PMG and Board meetings.*

5. Project updates

5.1 The capital programmes paper is also used in order to draw Board Directors' attention to significant changes in projects and to seek advice and guidance on key issues as business cases are developed and due diligence work is undertaken. It was also agreed in March 2019 that a regular progress update on Station Approach, Winchester would be provided as this project makes up a significant proportion of the capital programme in the final year.

Login Business Café, Camberley

5.2 Since the Board last met in March, the Login Business Café, Camberley project has been removed from the capital programme at the request of Surrey Heath Borough Council who were leading the project. As a result of this request, the £1.5m allocated to this project has been released back into unallocated capital funding and this is reflected in the figures presented in this paper.

Station Approach, Winchester

5.3 The LEP Board approved an allocation of £5m to the Station Approach, Winchester subject to meeting key milestones with respect to outline planning permission, scope and securing a development partner. The application for outline planning permission was submitted at the end of March following approval by Winchester City Council's Overview & Scrutiny Committee and Cabinet. LEP officers are meeting regularly with the City Council to ensure the key milestones are met and they are happy to take up the offer from Board Member, Jim McAllistair, to support them through the sale and procurement process.

Appendix 1 – Expenditure dashboard

Appendix 2 – Outputs dashboard

Appendix 3 - Project summaries (projects shown as green are contractually committed; those in amber are approved but not yet contracted and those in red are not yet approved by PMG/Board).

Rachel Barker, Assistant Director – Operations

Kevin Travers – Head of Transport

Justine Davie – Programme Administrator

14 May 2019

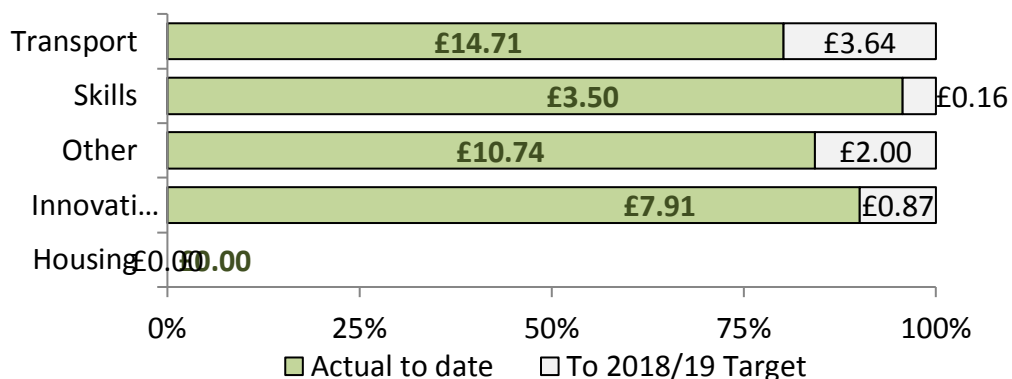
Latest Summary of Live Projects

Annual Funding Distributed (2018 - 2019)

£36,850,000

2018/19 Total Spend (distributed) to Date

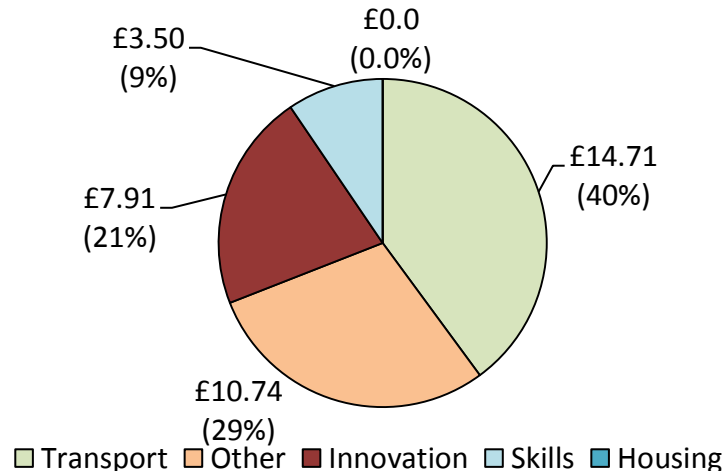
Proportion of funding distributed to date in 2018/19 (£,000s)



2018/19 Total Annual Expenditure Target by Theme (£,000)

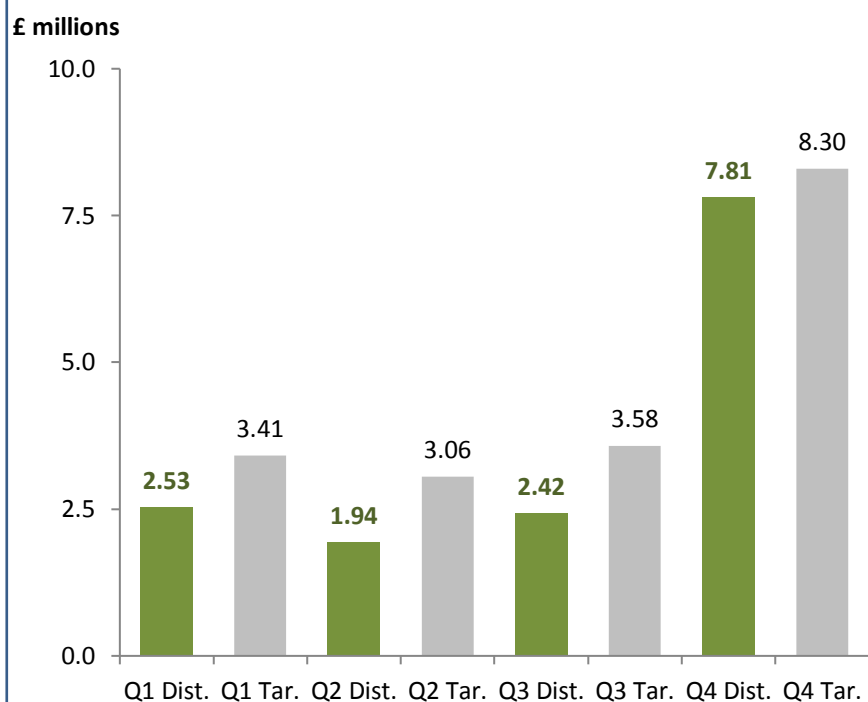
£43,519,000

Expenditure 2018/19



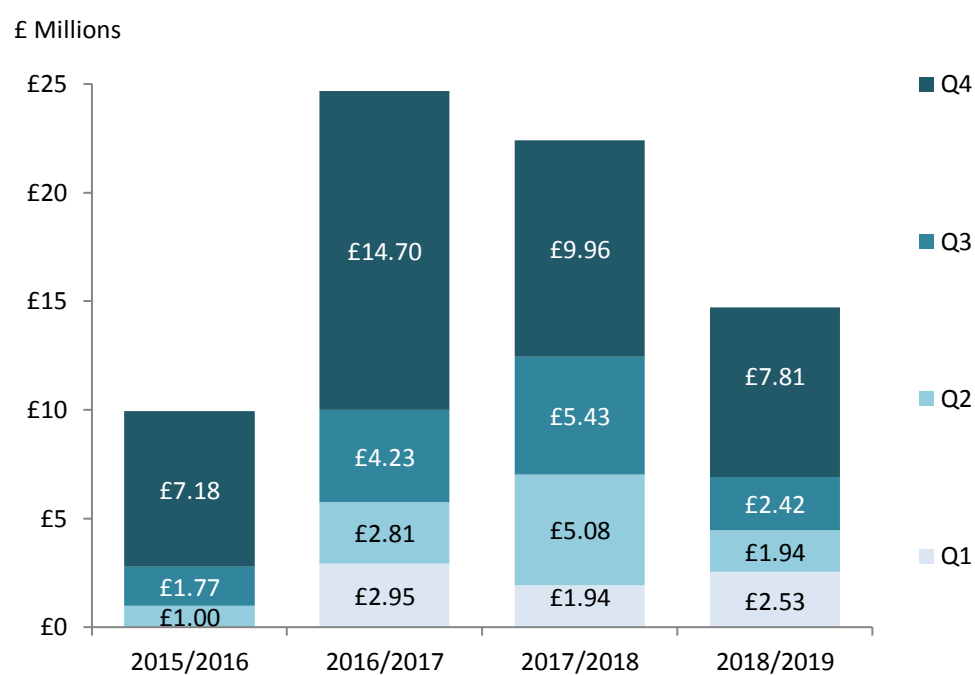
Time Series Annual Funding Distributed (2015 - 2019)

Quarterly Transport Distributed & Target (2018/19)



Transport

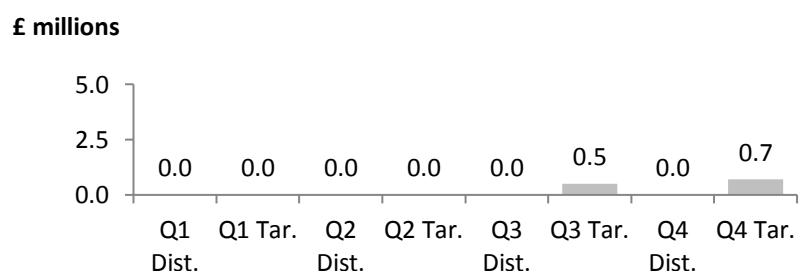
Quarterly Transport Distributed & Target (2015/19)



Total spending to date on transport is £14.71 million across the four quarters. Transport expenditure in Q1 was £2.53 million across nine projects, the largest of which is the £1.33 million funding for the Whitehill and Bordon Relief Road Phase 2. Q2, expenditure is £1.94 million across nine projects, the largest amount was £683K on Guildford Town Centre Transport Infrastructure Project.

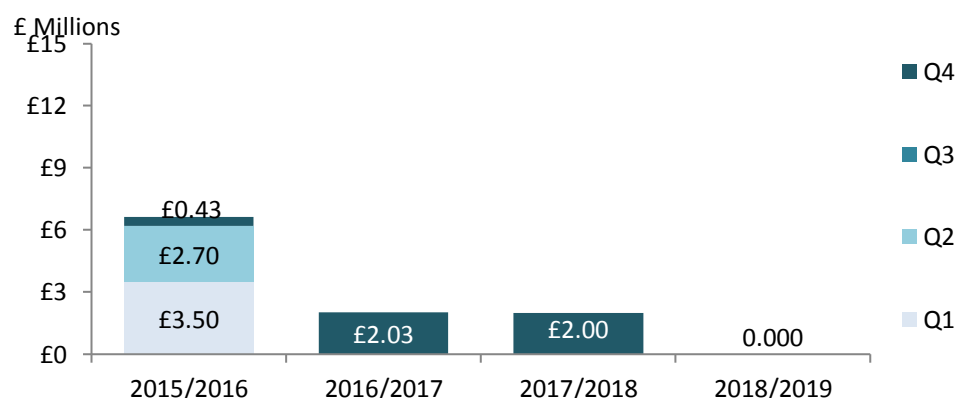
In Q3 there was £2.42 million across five projects with largest amounts (£774K) on the Guildford Town Centre Transport Infrastructure Project. Q4 has seen £7.81 million to date across 14 projects. The Farnham Road Bridge has seen the largest expenditure (£2.85 million).

Quarterly Housing Distributed & Target (2018/19)



Housing

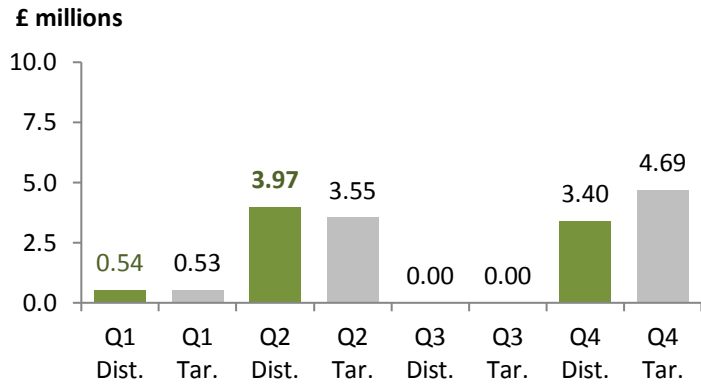
Quarterly Housing Distributed & Target (2015/19)



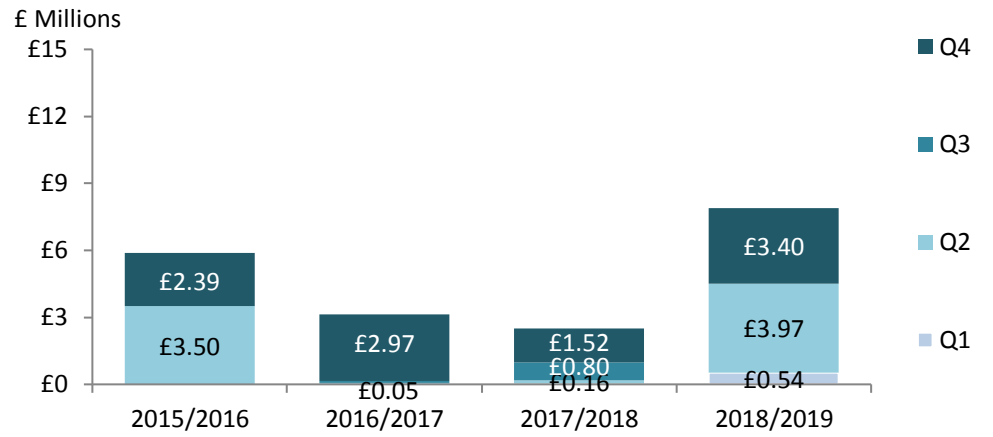
There was no housing expenditure reported at the time of publication.

Innovation

Quarterly Innovation Distributed & Target (2018/19)



Quarterly Innovation Distributed & Target (2015/19)

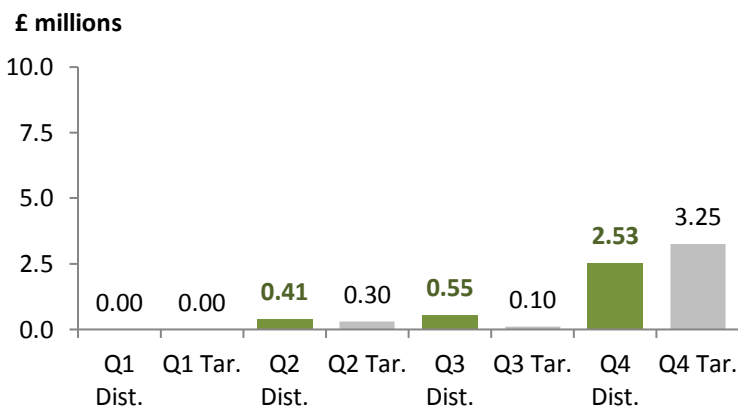


Total expenditure to date is £7.91 million. Innovation expenditure in Q1 to date is £535K across two projects. £334 was distributed to the Growth Hub, and £200K to the Tannery Studios Phase 2, Send. Expenditure in Q2 to date is the £3.97 million. Phase 2 - Permanent Facility for Farnborough International Air show accounts for £3.75 million.

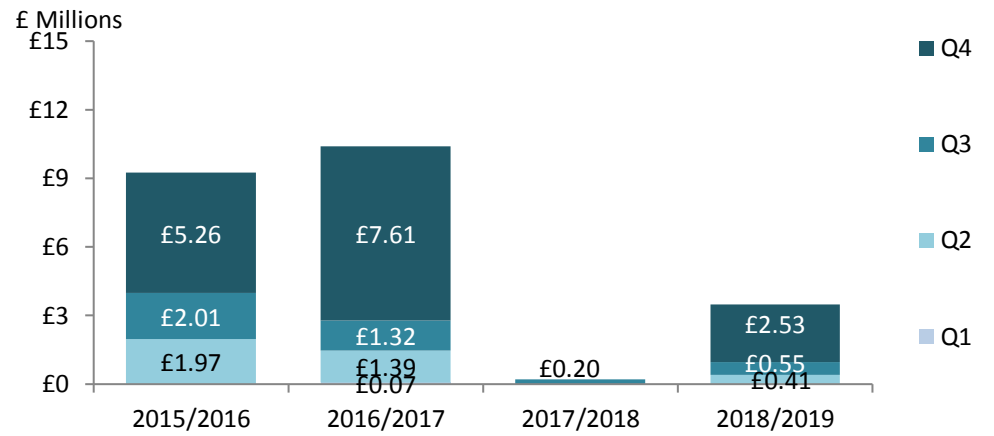
There has been no reported expenditure to date in Q3. In Q4 £3.40 million was expended to date across four projects. Centre of Excellence in Horticultural Science and Learning (RHS Wisley) with £1.01 million and Elmbridge Invest for Growth at £1.5 million saw the largest expenditures.

Skills

Quarterly Skills Distributed & Target (2018/19)



Quarterly Skills Distributed & Target (2015/19)



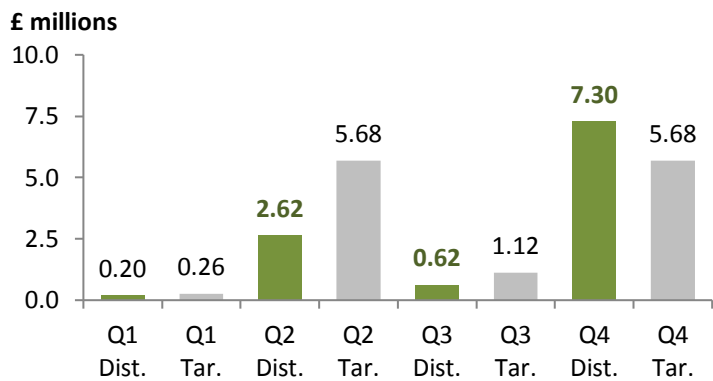
Skills expenditure to date across Q2-Q4 is £3.50million.

In Q2 there was £410K across four of the six live projects. In Q3 there was £548K of expenditure across three of the six projects and finally £2.53 million was expended in Q4 across all six projects.

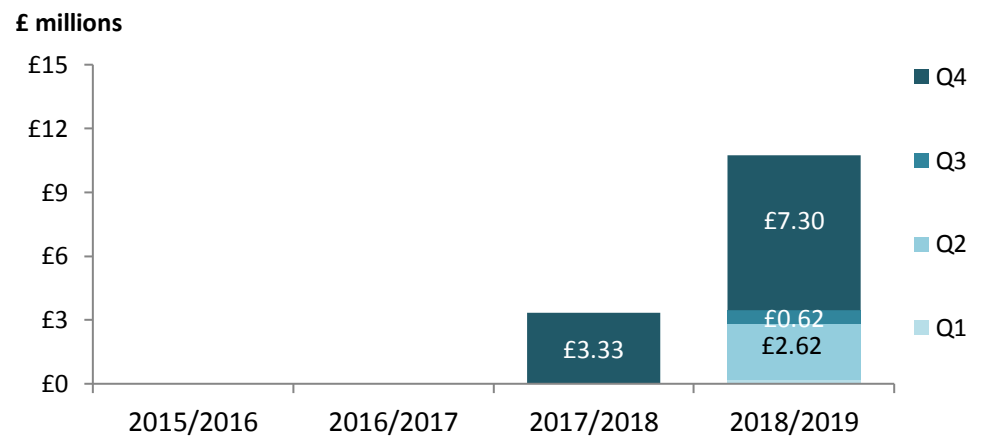
The Pathway to the Virtual Campus - EM3 Digital Technology Centres saw the largest expenditure in Q4 with £1.53 million.

Other Projects

Quarterly Other Projects Distributed & Target (2018/19)



Quarterly Other Distributed & Target (2015/19)



Other expenditure to date for Q1 is £200K covering two Enterprise Zone projects. EZ3 BV7 Plot W received £176K and EZ3 BV3 Plot J £24K.

Current expenditure to date for Q2 is £2.62 million. This includes £1.6 million to the Fund Management Service. This also includes just over £1 million in total to EZ3 BV1 Plot K/K1, EZ3 BV3 Plot J and EZ3 BV7 Plot W.

In Q3 there was £620K of expenditure across two projects (Fund Management Service and EZ3 BV7 Plot W). In Q4 to date there has been £7.30 million of expenditure across all projects. EZ3 BV1 Plot K/K1 (£2.39 million) and EZ3 Longcross Upgrade to Power Supply (£3.15 million) accounted for most Q4 expenditure. This brings total expenditure to date to £10.74 million.

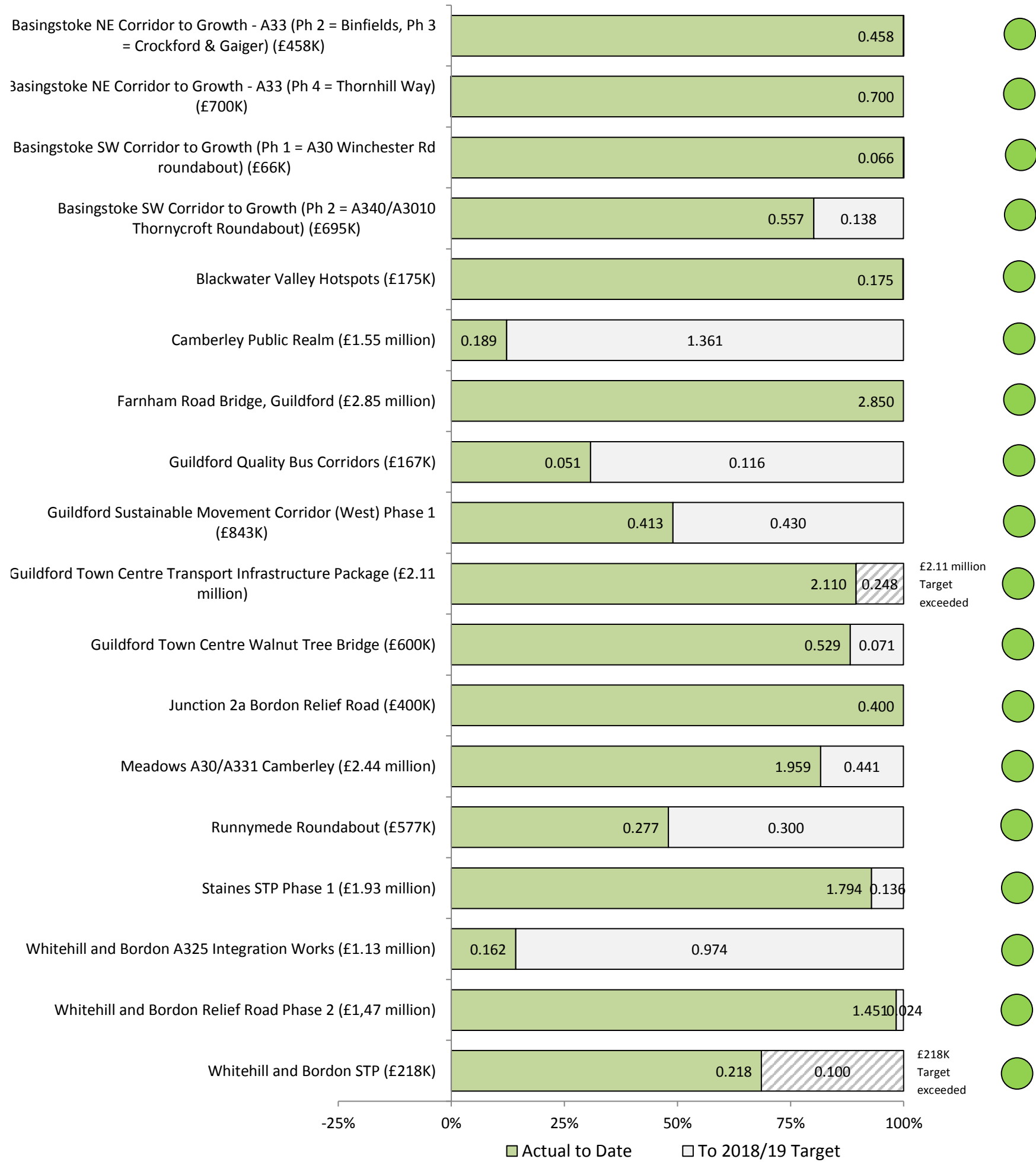
Source: EM3 database extract 30/04/2019, Produced 10/05/2019

Appendix: Individual Live Projects

Transport

Actual Spend to Date of 2018/19

Overall RAG



£2.11 million Target exceeded

£218K Target exceeded

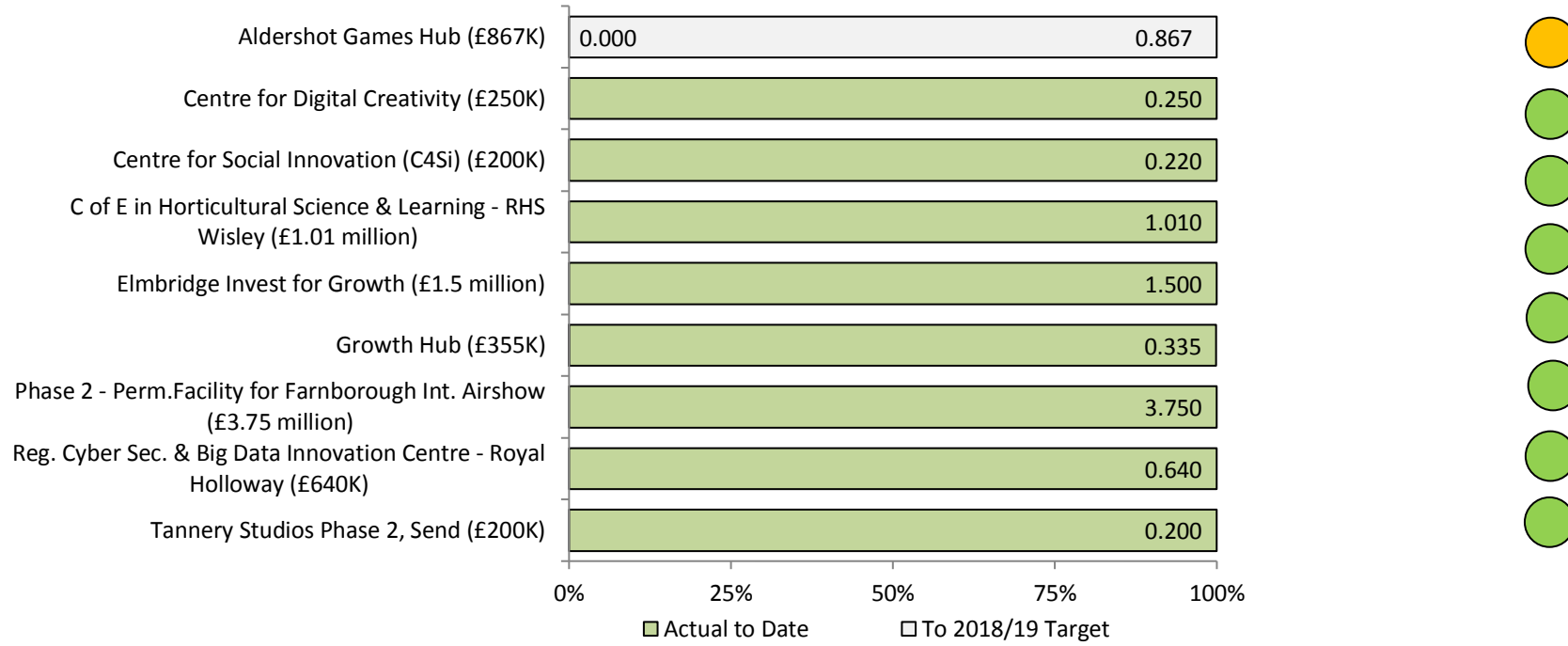
Values in the two graphs are in Emillions

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

Innovation

Actual Spend to Date of 2018/19

Overall RAG



Values in the two graphs are in Emillions

Housing

Actual Spend to Date of 2018/19

Overall RAG

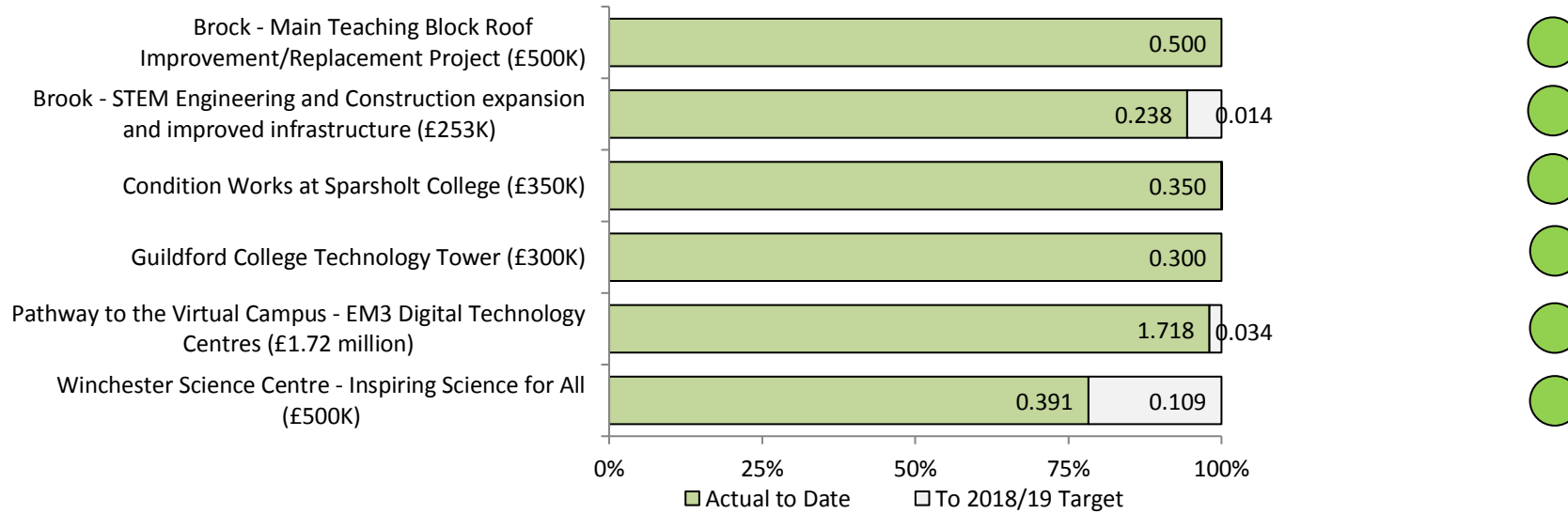
None reported

Values in the two graphs are in Emillions

Skills

Actual Spend to Date of 2018/19

Overall RAG

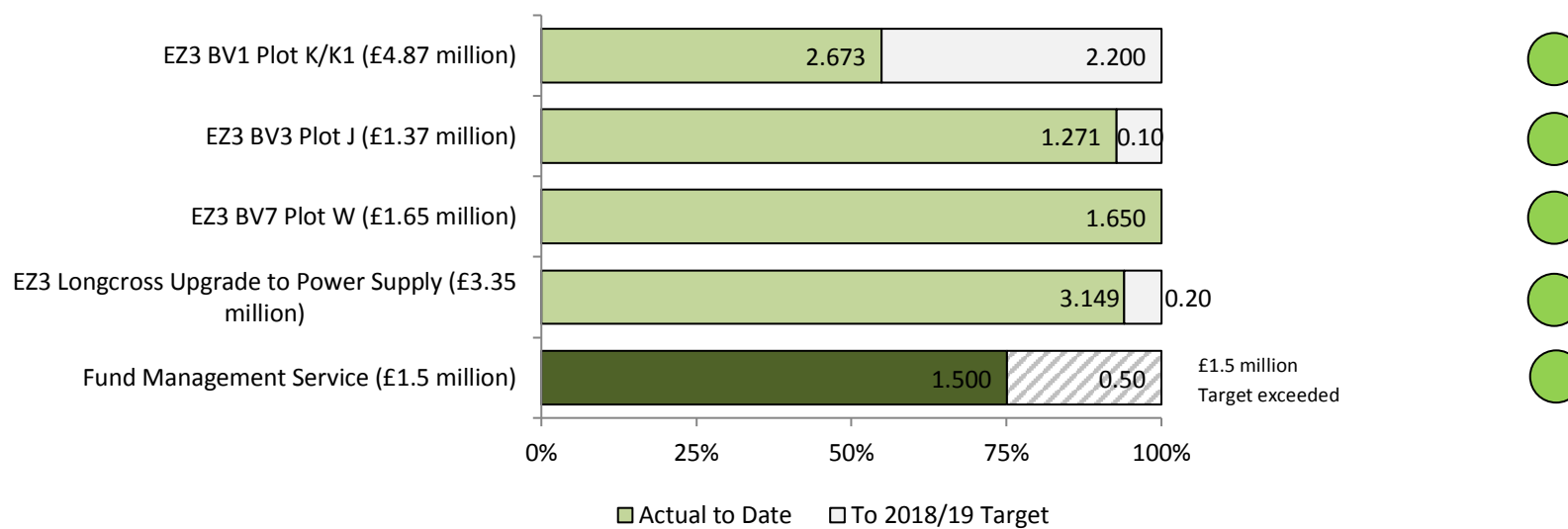


Values in the two graphs are in Emillions

Other

Actual Spend to Date of 2018/19

Overall RAG



Values in the two graphs are in Emillions

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

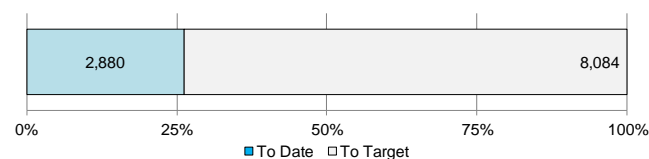
Source: EM3 database extract 30/04/2019, Produced 10/05/2019



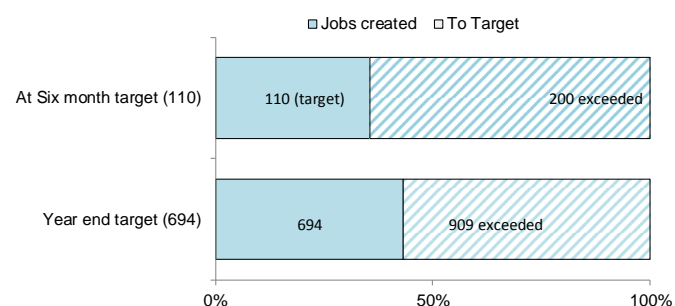
Jobs Created*

Target: 10,964 jobs
 Created to date: **2,880 (26.3%)**
 To meet Target: 8,084 (73.7%)
 (*Including safeguarded jobs)

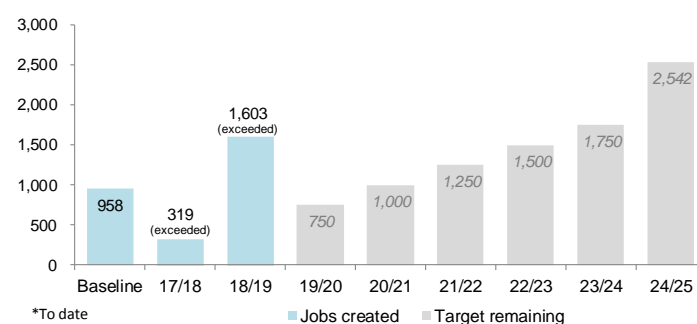
Status to date (cumulative – 2015-2025)



In year to date (2018-2019)



Annual Time series (2015 – 2025)



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

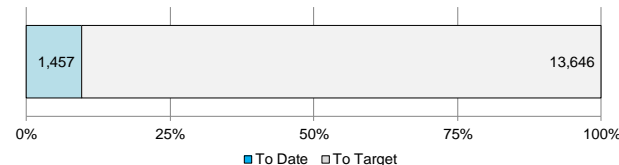
Comments: “To date 26.3% (2,880) of the overall long-term target has been achieved, with 958 jobs created or safeguarded in the baseline period, 319 created in 2017/18 and 1,603 so far in 2018/19; exceeding the original 2018/19 target by 909.



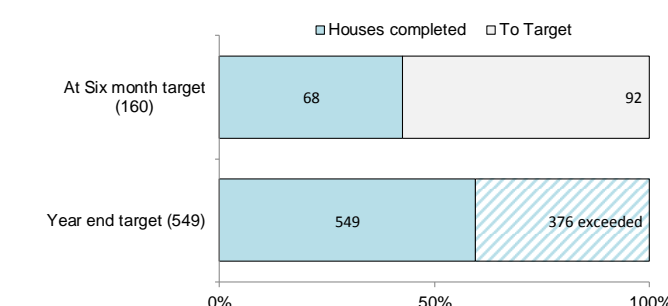
Housing Units

Target: 15,103 units
 Completed to date: **1,457 (9.6%)**
 To meet target: 13,646 (90.4%)

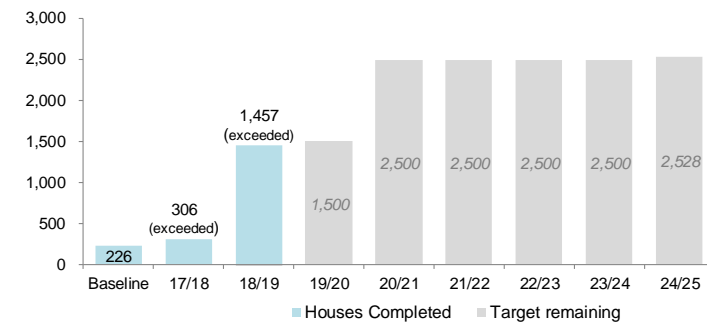
Status to date (cumulative – 2015-2025)



In year to date (2018-2019)



Annual Time series (2015 – 2025)



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

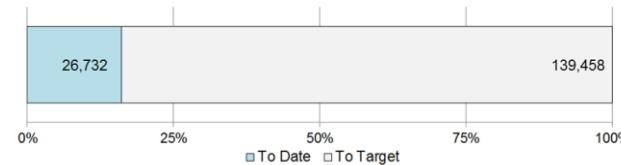
Comments: To date 9.6% (1,457) of the target has been achieved with 226 housing units completed in the baseline period, 306 completed in 2017/18 and 925 completed so far in 2018/19; exceeding the original 2018/19 target by 376 housing units.



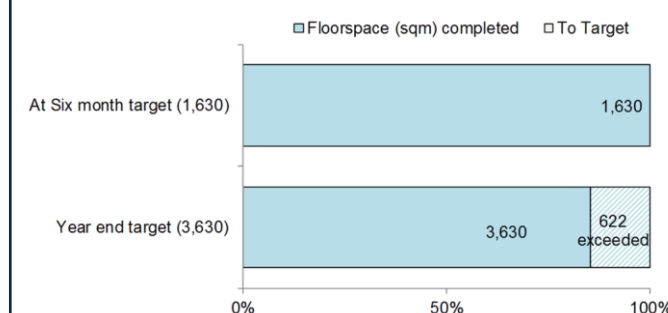
Commercial Floorspace

Target: 166,190 sqm
 Created to date: **26,732 sqm (16.1%)**
 To meet target: 139,458 sqm (85.1%)

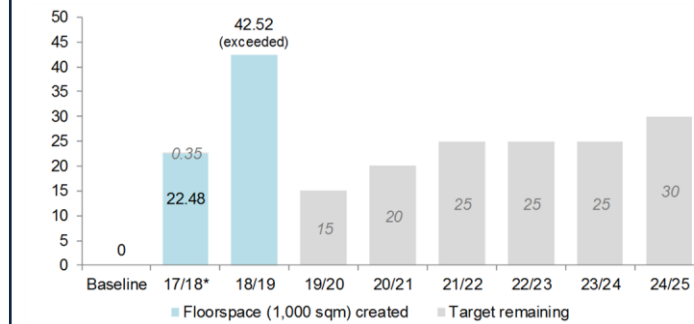
Status to date (cumulative – 2015-2025)



In year to date (2018-2019)



Annual Time series (2015 – 2025)



Measure: commercial area created in square metres of floorspace.

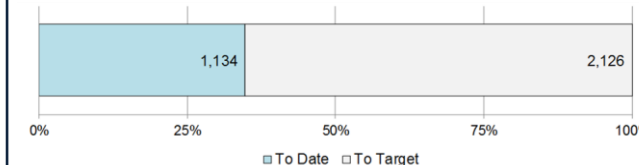
Comments: To date 16.1% (26,732 sqm) of the target has been achieved with 22,480 sqm completed in 2017/18, and 4,252 sqm so far in 2018/19; exceeding the original 2018/19 target by 622 sqm.



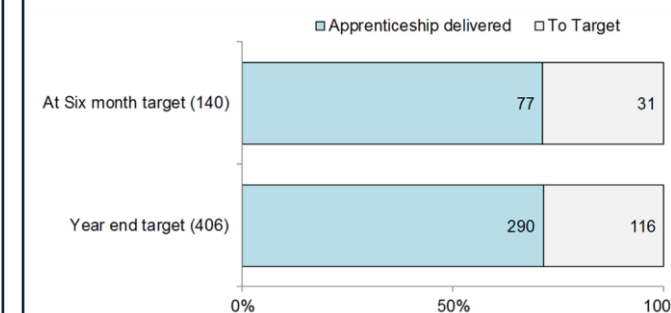
Skills (Apprenticeships)

Target: 3,260 delivered
 Delivered to date: **1,134 (34.8%)**
 To meet target: 2,126 (65.2%)

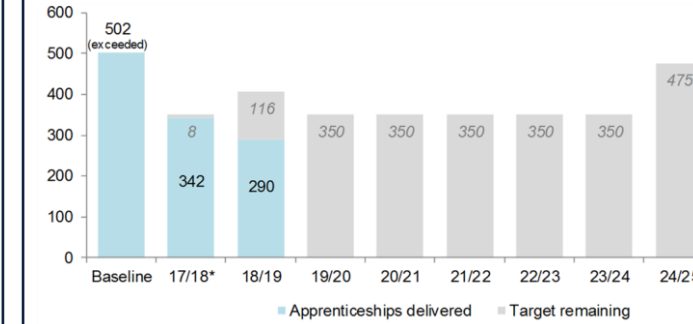
Status to date (cumulative – 2015-2025)



In year to date (2018-2019)



Annual Time series (2015 – 2025)



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

Comments: To date 34.8% (1,134) of the overall target has been achieved with 502 apprenticeships delivered in the baseline, 342 in 2017/18 and 290 so far in 2018/19.