

Enterprise M3 Programme Management Group

12 September 2019

Capital Programme Update – Item 5

Enterprise M3 Board Members are asked to:

NOTE: the current progress in delivering Enterprise M3's capital programme

NOTE: Should all projects presented to PMG and Board in September 2019 be approved then Enterprise M3 will have approved projects totalling 96% of the available capital funds.

NOTE: the update on Weyside Urban Village and **AGREE** that it should be recommended to the Board for approval in September 2019.

1. Background - Enterprise M3 Capital Funding

1.1. Since the last meeting of the Programme Management Group in July 2019, the following key developments have taken place:

- Following the publication of a Prospectus in December 2018 and several closing dates throughout this year, we have had our final closing date for new projects at the current time. On 29 August 2019 we received 7 new Expressions of Interest and 1 re-submission, seeking over £40m from Enterprise M3. These are currently being reviewed and will be presented to PMG for consideration in October 2019.
- The signing of three legal agreements for projects that will start to deliver in 2019.
- The official opening of Winchester Science Centre's new Planetarium which was attended by Dave Axam.
- Confirmation of the date for our mid-year review with Government which will take place on 13 September 2019.

2. 2019/20 Capital Programme and the progress against the Delivery Plan

2.1. Our Delivery Plan, published on the Enterprise M3 website at the end of May 2019, sets out our expected delivery over the 2019/20 financial year; Enterprise M3 will deliver the following through its capital programme:

- Capital 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

2.2. These measures form our key performance indicators with Government and will be the baseline against which we will report our progress across 2019/20 and the basis of our Annual Performance Review. The mid-year review with Government is set for 13th September 2019 and await further details on this process.

- 2.3. We will continue to report to PMG and Board on the following detail in order to provide a regular update on the progress against our targets in the Delivery Plan:

Key Performance Indicators – July 2019

Key Performance Indicator	Current forecast	Actual (as at 1 Sept 2019)	Change since last report
Expenditure			
Expenditure of £45m of LGF in 2019/20	£36-£62m*	£1.18m	+£0m
Total LGF expenditure across programme to date of £180m (102% of the total allocation to date)	£180m	£139m	+£1.1m
Income from loan repayments - £2.42m in 2019/20	£4.42m	£0.80m	+£0m
Outputs			
1000 new homes completed	1300	1,272	+1,041
2500 jobs created/safeguarded	2500	1,348	+1,148
9000 sqm commercial floorspace completed	9,000	0	+0
5000sqm learning floorspace completed/refurbished	5,000	2,000	+2000
300 apprenticeships supported	300	72	+72

*Range based upon confidence levels of expenditure in 2019/20

- 2.4. Progress to date is broadly as would be expected at this point in the year although our actual expenditure levels remain low. We expect these to increase in the coming weeks as claims from projects covering the period April-June are processed for payment. A verbal update on the latest position will be given in at the meeting. The latest forecasts for expenditure range between £36m and £62m, with a high degree of confidence that £36m will be achieved, a reasonable level of confidence that a further £19m will be achieved and a low level of confidence that an additional £7m will be achieved. The high level of confidence figure has increased by £4m since the July meeting of PMG.
- 2.5. In terms of project outputs, the current picture is in line with expectations at this stage of the year, with projects having completed their first quarter monitoring report to Enterprise M3 at the end of July. PMG members will note that the forecast for new homes completed has already been met, with strong progress against the jobs created/safeguarded target. The attached expenditure and outputs dashboard provides further breakdown of the information.
- 2.6. 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. Over this year (2019/20) and next (2020/21), we have £108m of capital funding available to support projects. Currently 40% of this money is contractually committed and a further 45% is allocated to projects approved by PMG/Board but is not yet contracted. The team are prioritising contracting work at the moment and we expect at least 6 major legal agreements to be agreed before the end of September with a total value of over £30m. We are also continuing to strengthen our pipeline of projects and the detail below provides PMG members with the latest information on contractual commitments, allocated funding and available unallocated funding as at the 1 September 2019.

- LGF/GEF funding available– £99.8m
- LGF/GEF funding available (including forecast loan repayments up to 31 March 2019) - £108.3m
- Contractual commitments – £43.70m
- Approved projects still subject to contract – £49.02m
- Allocated funding not yet approved by PMG/Board – £27.2m*
- Available funding to allocate to new projects – £15.5m

**This figure includes projects in our 'development pool' where applicants are aware that projects will only be progressed subject to funding being available. The figure also includes £10.5m of projects that are being considered by PMG/Board in September 2019).*

- 2.7. We are continuing to develop a sizeable 'development pool' of projects that we can bring forward if other projects slip and/or additional funding becomes available. Working closely with scheme promoters to understand our funding position, provides us with a strong position and manages the expectations of our partners as well as allowing us to make Government aware that we have a strong pipeline and can accelerate projects swiftly should there be an opportunity to secure additional funding.
- 2.8. PMG are being asked to consider approving/recommending approval for £10.5m of projects at the September meeting. Should these papers be agreed, this would impact the figures in the following way:
- Approved projects still subject to contract - £59.52m
 - Allocated funding not yet approved by PMG/Board (including development pool) - £5.5m
- 2.9. The aim is to have all current Approved projects contracted by end of calendar year and over the coming months we will be highlighting to PMG projects which look likely to miss this deadline so a decision on whether to proceed can be made.

3. 'Development Pool' of projects & future business cases

- 3.1. Whilst we are now at a point that all available funding has been allocated to projects, experience indicates that projects of this nature are subject to change and we are therefore continuing to strengthen our 'development pool' of projects. The table below sets out the expected dates for the submission of business cases:

Project	Amount	Expected date for business case to be presented to Board/PMG	Change since last PMG meeting
EV Charge Point Infrastructure Pilot	£0.325m	October/November 2019	Due diligence underway. Targeting PMG in October 2019.
Aldershot Town Centre Regeneration	£1.2m	October 2019	Legacy project from Growth Deal 2. Business Case near complete and due diligence expected to commence in Sept 2019.
Performance Materials Innovation Centre (Project Orion)	£1.2m	Jan 2020	Business case underway.
Basing View 5G Living Lab	£2.45m	November 2019	Business case underway.
LED conversion and Central Management System	£2.64m	October 2019	Business Case submitted and due diligence to commence.

Heat Enabled Virtual Power Plant	£1.8m	November 2019	Business Case being finalised.
East Hampshire Advanced Manufacturing/Technology Park	£3.7m	November 2019	Business Case underway
Launch Space - BCoT	£300k	November 2019	
Blackwater Valley Gold Grid Public Transport Corridor – Hampshire Elements	£1.5m	January 2020	Business case likely to be submitted late 2019.

4. Project updates

- 4.1. The capital programmes paper is also used in order to draw PMG members 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.

In relation to **Station Approach, Winchester**, we are working with Winchester City Council on the final draft of the legal agreement to deliver the Station Approach scheme and expect this to be concluded shortly. Winchester remain on target to meet the key milestones which were agreed with the Board with respect to outline planning permission, scope and securing a development partner. We will fully review the situation before the next PMG and in advance of the review deadline of October 2019.

- 4.2. The **Spelthorne - Kick-starting Gigabit City** was approved by PMG in November 2018 and work had been underway on a legal agreement. As part of this process, Spelthorne Borough Council advised use that following further appraisal work, they no longer wished to proceed with the project. PMG are asked to note this change and that £500k has been released back into the unallocated funding category.
- 4.3. **Weyside Urban Village** - The Board discussed the scheme at their meeting in July they expressed overall support for the project but agreed that funding could not be approved until there was further detail on the relocation of the waste management facility and agreement between Guildford Borough Council and Surrey County Council on the scope of the scheme, how they intend to work together to achieve the relocation and a strategy for securing funding.
- 4.4. Since the Board, a meeting has been convened at a senior level between Guildford and Surrey, with clarity provided and agreement reached on the way forward. Both authorities have confirmed they are supportive of the real benefits to be gained from the relocation of the Waste Facility and Community Recycling Centre. Surrey County Council have confirmed the funding gap was £4.1m and both Councils agreed to work together to develop a funding strategy involving S.106 contributions from the Strategic Sites and a Surrey County Council led grant application to the appropriate funding sources in 2020. Both authorities agree that the relocation and works programme for the facility is not on the critical path in relation to the long programme required for the relocation of the Thames Water Sewage Treatment Works and that the substantial Weyside scheme can be delivered without the waste management facility relocation if necessary.
- 4.5. Guildford Borough Council has also confirmed that they accept that the LEP funding allocation would be subject to repayment if the HIF bid is unsuccessful and/or the affordable housing target of 40% is not met. They have also reconfirmed that the spend programme is robust, particularly in relation to 2019/20 and achievable in terms of delivery.
- 4.6. PMG is asked to note this update on Weyside Urban Village and **AGREE** that it should be recommended to Board for approval in September 2019.

Appendix 1 - 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).

Appendix 2 – Expenditure and Outputs dashboards (September 2019)

Rachel Barker, Assistant Director – Operations
Geoff Wells, Capital Programmes Manager
Justine Davie – Programme Administrator
4 September 2019

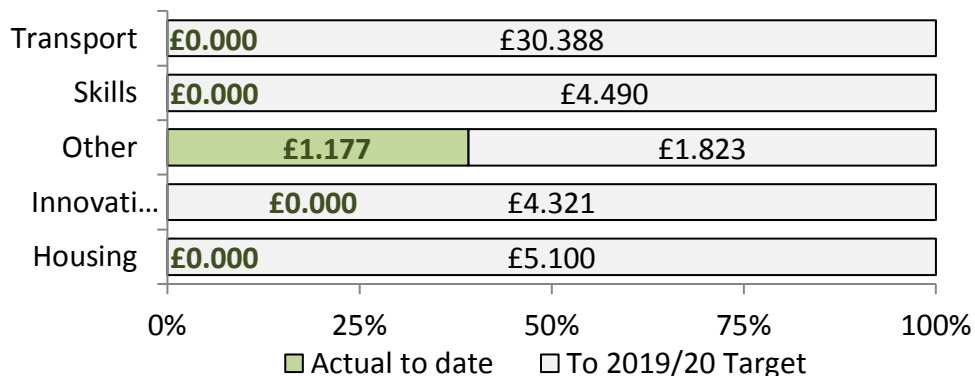
Latest Summary of Live Projects

Annual Funding Distributed (2019 -20)

£1,177,000

2019/20 Total Spend (distributed) to Date

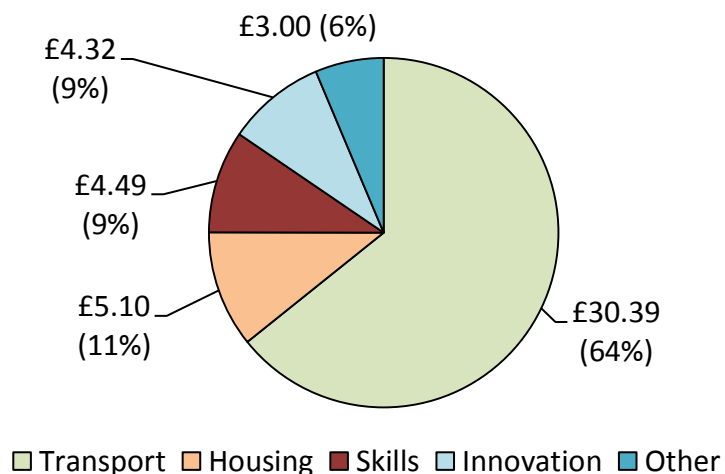
Proportion of funding distributed to date in 2018/19 (£,000s)



2019-20 Total Annual Expenditure Target by Theme (£,000)

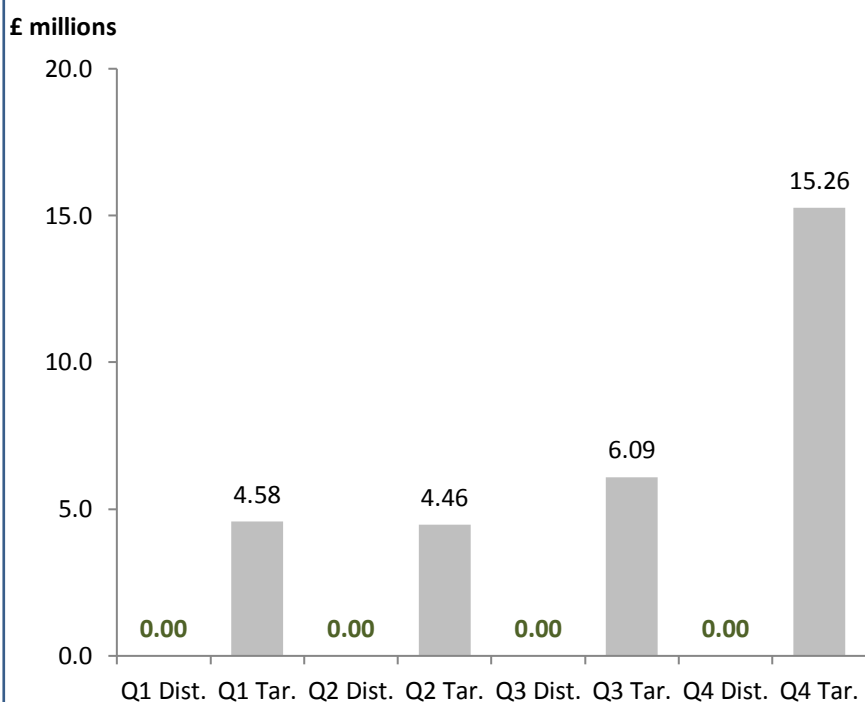
£47,300,000

Expenditure 2019/20



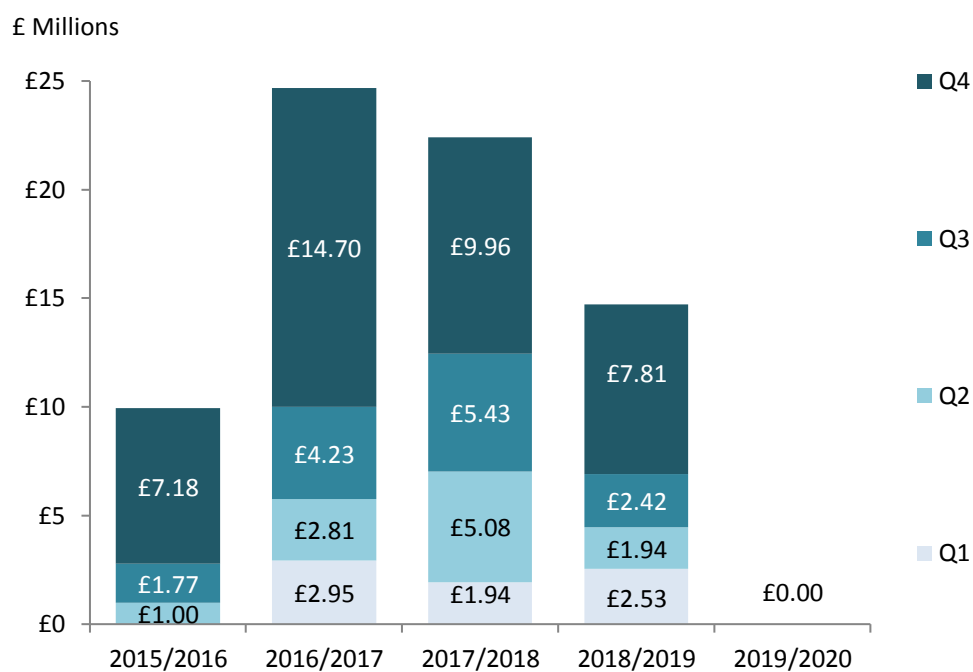
Time Series Annual Funding Distributed (2015 - 2020)

Quarterly Transport Distributed & Target (2019/20)



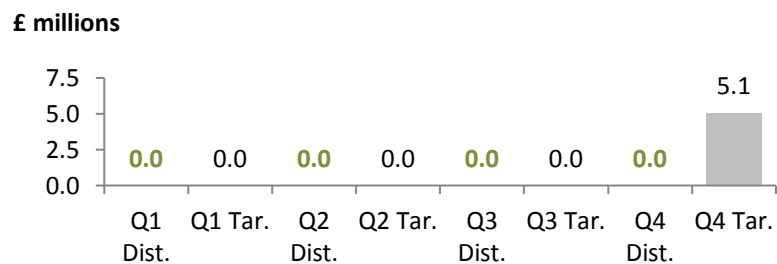
Transport

Quarterly Transport Distributed & Target (2015/20)



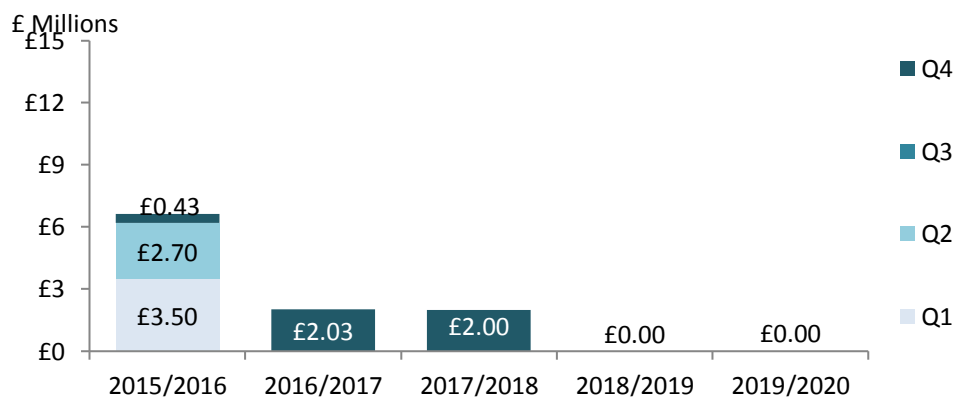
There is no reported spending at this early stage in the 2019-2020 annual monitoring cycle.

Quarterly Housing Distributed & Target (2019/20)



Housing

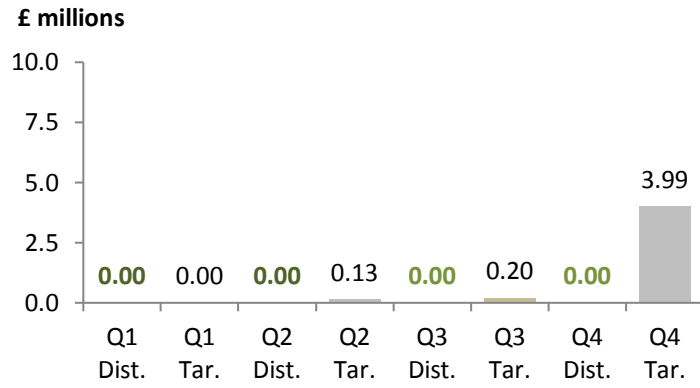
Quarterly Housing Distributed & Target (2015/20)



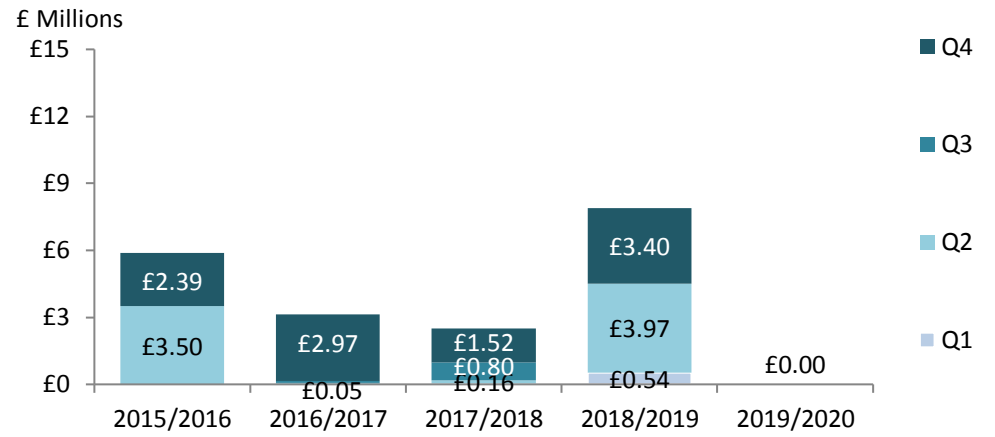
There is no reported spending at this early stage in the 2019-2020 annual monitoring cycle.

Innovation

Quarterly Innovation Distributed & Target (2019/20)



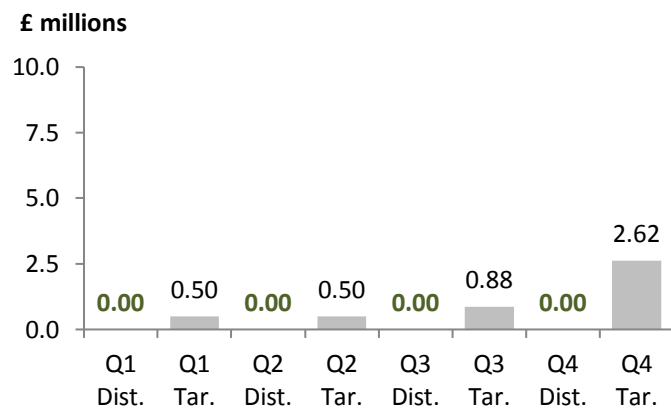
Quarterly Innovation Distributed & Target (2015/20)



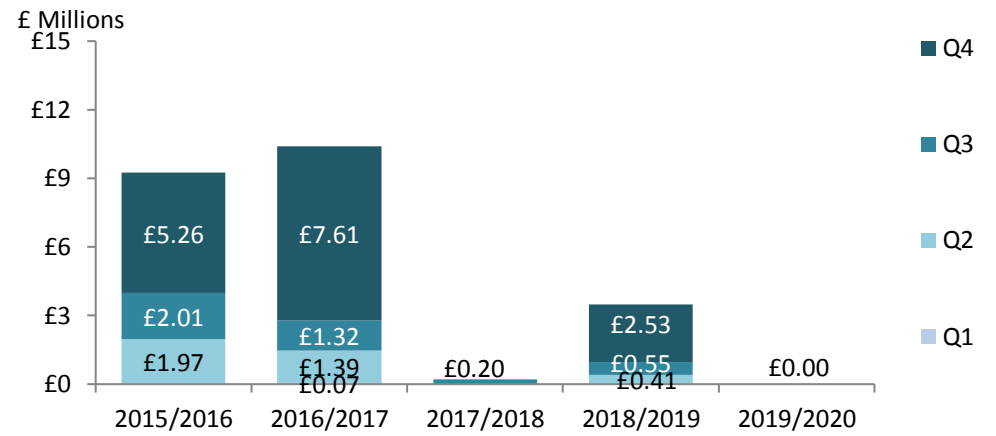
There is no reported spending at this early stage in the 2019-2020 annual monitoring cycle.

Skills

Quarterly Skills Distributed & Target (2019/20)



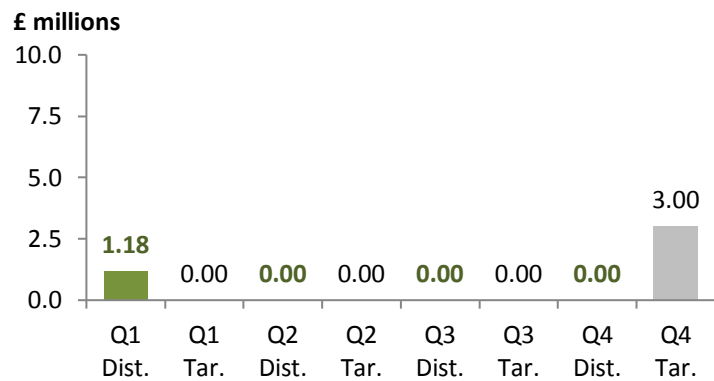
Quarterly Skills Distributed & Target (2015/20)



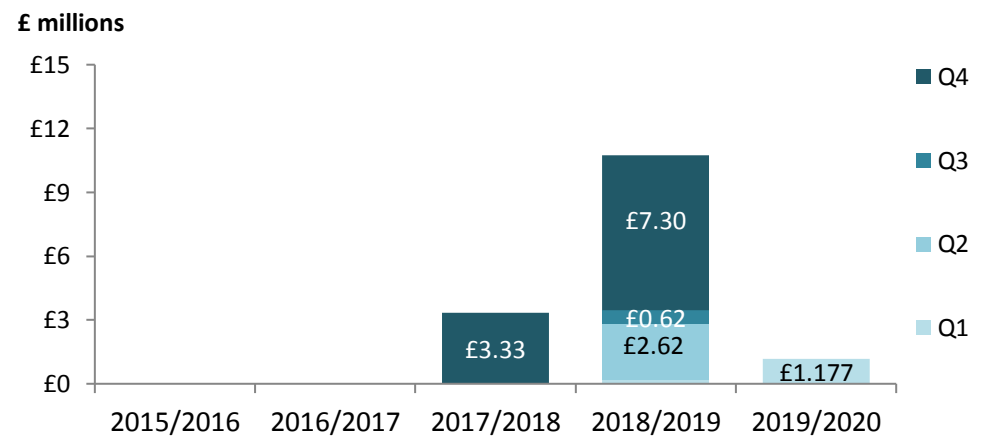
There is no reported spending at this early stage in the 2019-2020 annual monitoring cycle.

Other Projects

Quarterly Other Projects Distributed & Target (2019/20)



Quarterly Other Distributed & Target (2015/20)

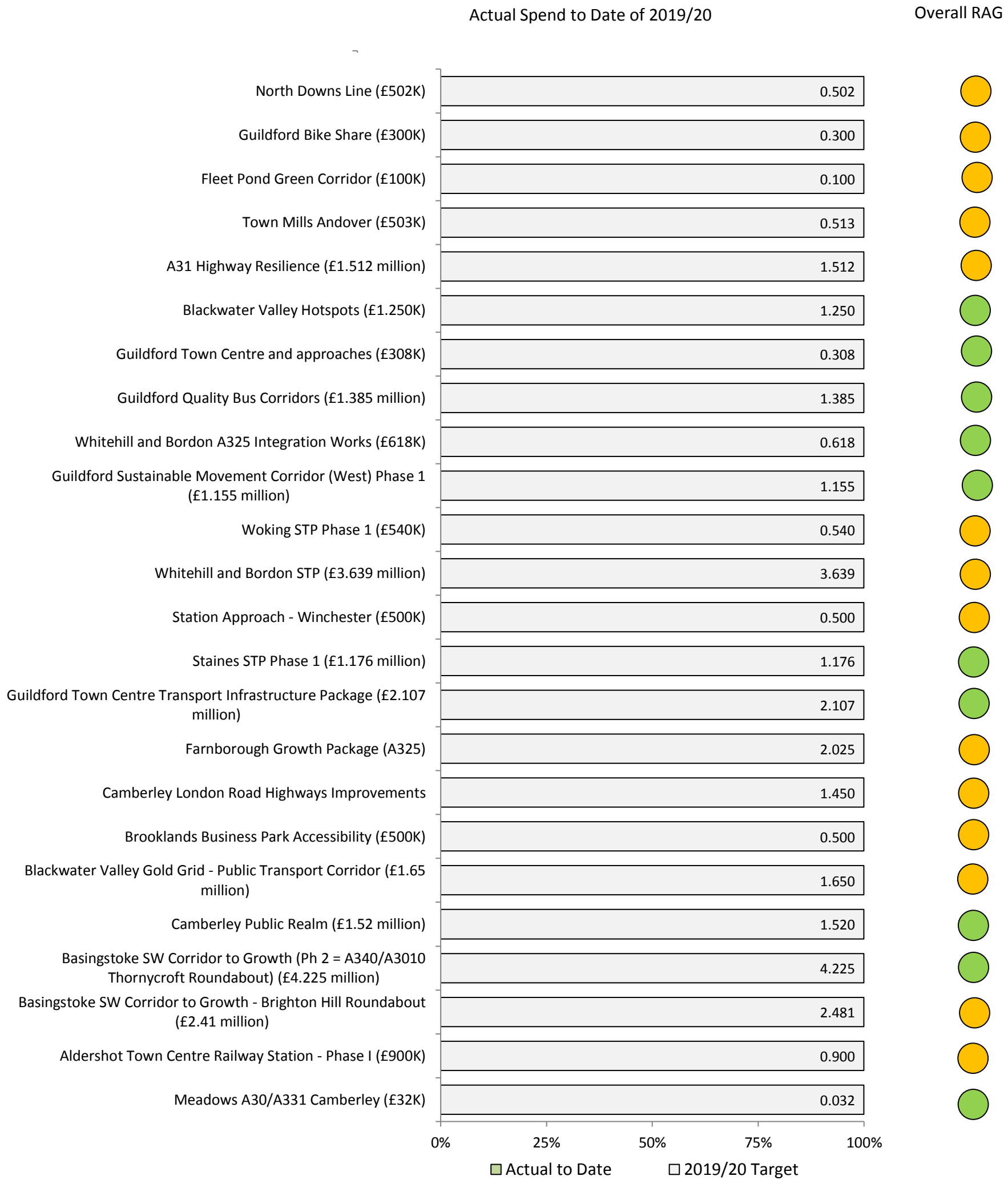


Expenditure to date in Q1 2019-2020 is £1.18 million (£1,177,000) from the Fund Management Service.

Source: EM3 database extract 29/08/2019, Produced 04/09/2019

Appendix: Individual Live Projects

Transport



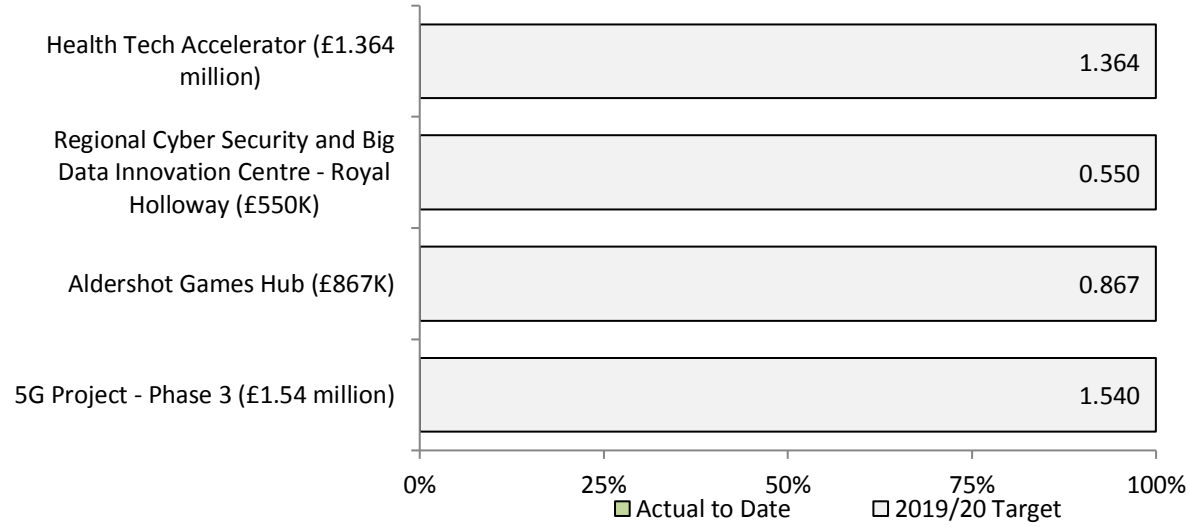
Values in the two graphs are in Emillions

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

Innovation

Actual Spend to Date of 2019/20

Overall RAG

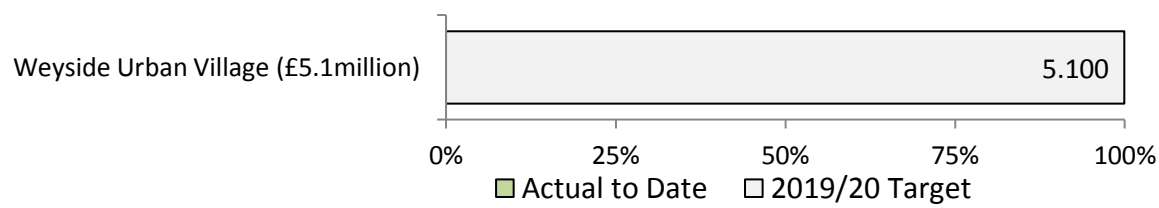


Values in the two graphs are in Emillions

Housing

Actual Spend to Date of 2019/20

Overall RAG

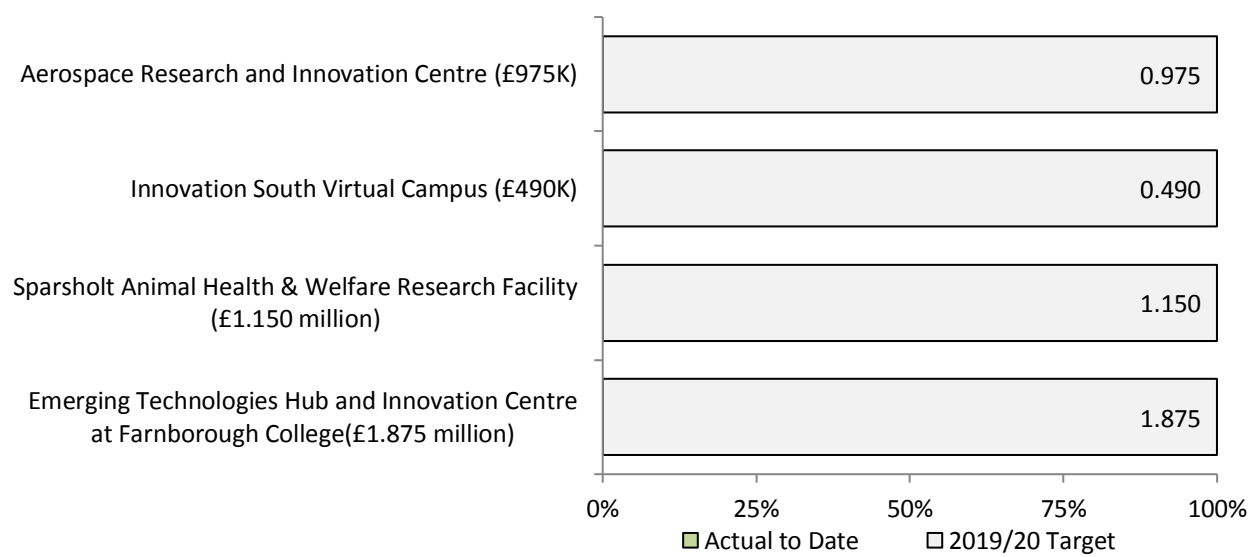


Values in the two graphs are in Emillions

Skills

Actual Spend to Date of 2019/20

Overall RAG

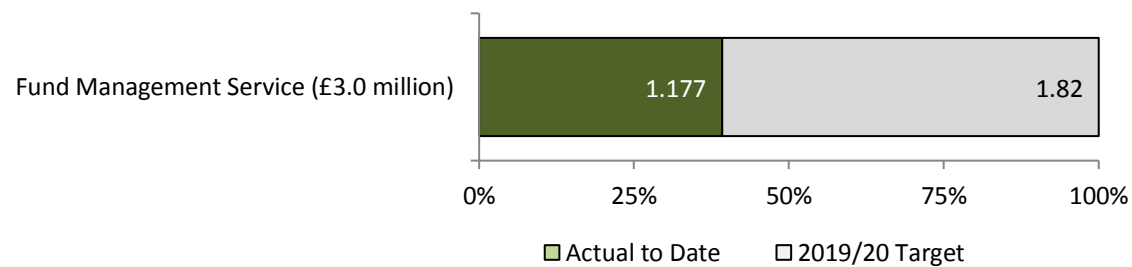


Values in the two graphs are in Emillions

Other

Actual Spend to Date of 2019/20

Overall RAG



Values in the two graphs are in Emillions

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

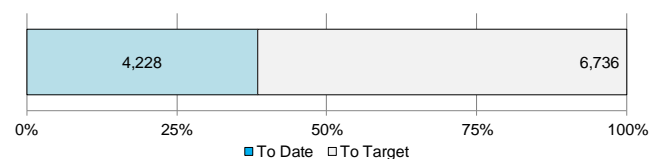
Source: EM3 database extract 29/08/2019, Produced 04/09/2019



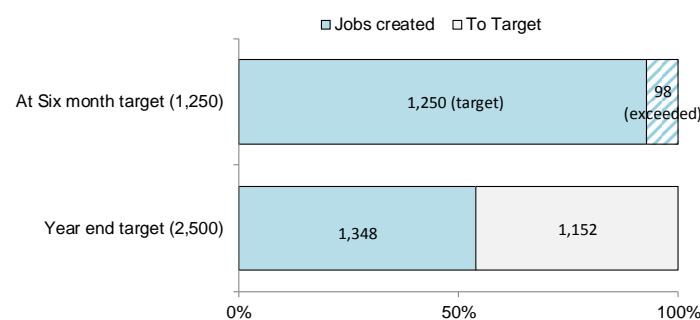
Jobs Created*

Target: 10,964 jobs
 Created to date: **4,228 (38.6%)**
 To meet Target: 6,736 (61.4%)
 (*Including safeguarded jobs)

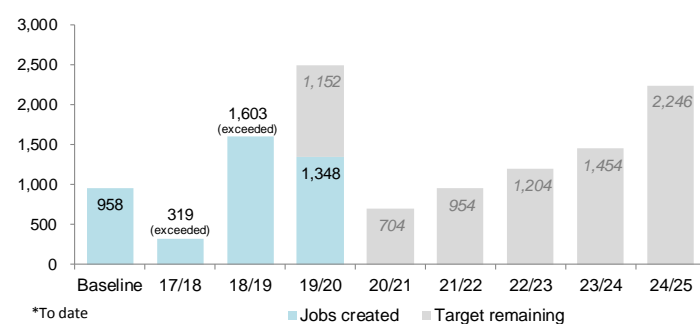
Status to date (cumulative – 2015-2025)



In year to date (2019-2020)



Annual Time series (2015 – 2025)



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

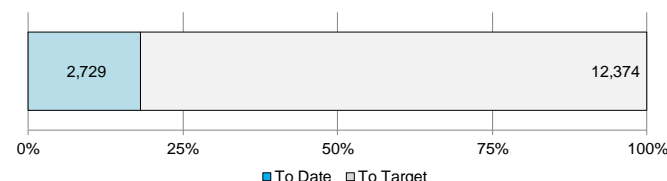
Comments: “To date 38.6% (4,228) of the overall long-term target has been achieved: with 958 jobs created or safeguarded in the baseline period; 319 created in 2017/18; 1,603 in 2018/19; and 1,348 in 2019/20 so far that exceeds by 98 the six-month target.



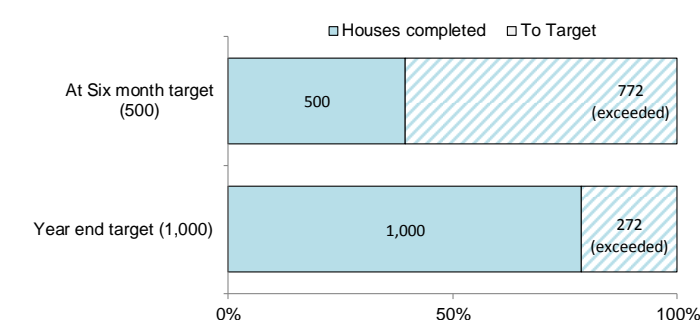
Housing Units

Target: 15,103 units
 Completed to date: **2,729 (18.1%)**
 To meet target: 12,374 (81.9%)

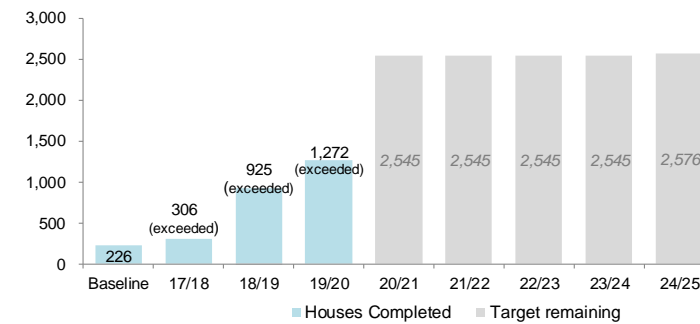
Status to date (cumulative – 2015-2025)



In year to date (2019-2020)



Annual Time series (2015 – 2025)



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

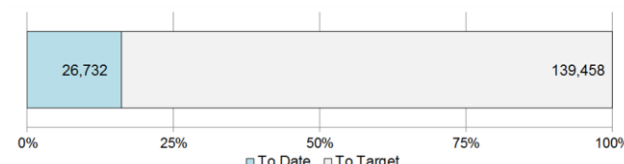
Comments: To date 18.1% (2,729) of the target has been achieved with: 226 housing units completed in the baseline period; 306 completed in 2017/18; 925 in 2018/19; and, 1,272 in 2019/20 so far that exceeds both the six and 12 month targets (772 and 272 units).



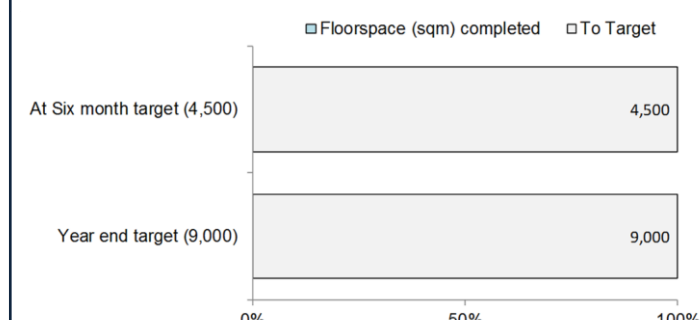
Commercial Floorspace

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

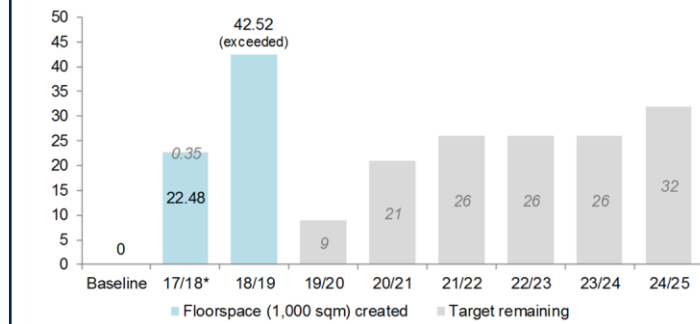
Status to date (cumulative – 2015-2025)



In year to date (2019-2020)



Annual Time series (2015 – 2025)



Measure: commercial area created in square metres of floorspace.

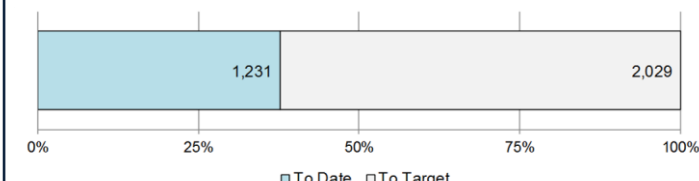
Comments: To date 16.1% (26,732 sqm) of the target has been achieved with: 22,480 sqm completed in 2017/18; 4,252 sqm in 2018/19; and none reported so far for 2019/20.



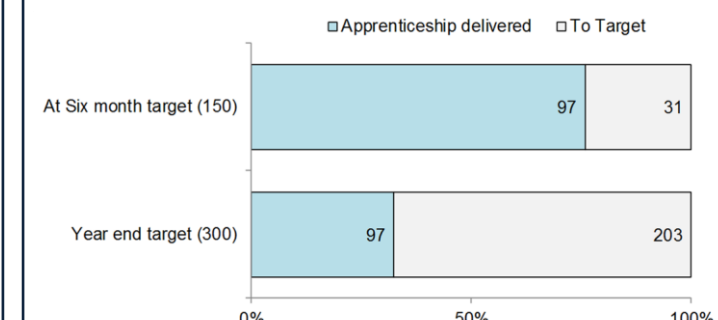
Skills (Apprenticeships)

Target: 3,260 delivered
 Delivered to date: **1,231 (37.8%)**
 To meet target: 2,029 (62.2%)

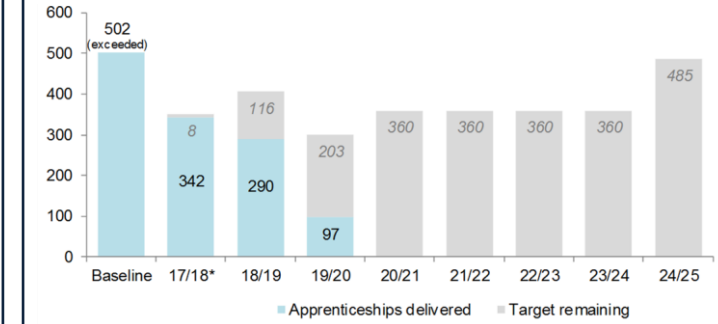
Status to date (cumulative – 2015-2025)



In year to date (2019-2020)



Annual Time series (2015 – 2025)



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

Comments: To date 37.8% (1,231) of the overall target has been achieved with: 502 apprenticeships delivered in the baseline; 342 in 2017/18; 290 in 2018/19; and, 97 so far in 2019/20.