

Enterprise M3 Programme Management Group

11 February 2021

Capital Programme Update – Item 4

The Enterprise M3 Programme Management Group is asked to:

NOTE: The current progress in delivering Enterprise M3’s capital programme.

NOTE: That the level of available funding unallocated remains £0.6m.

NOTE: The capital programme risk register - see Appendix 1 (Confidential)

1. Background - Enterprise M3 Capital Funding

1.1. Since the Enterprise M3 Programme Management Group last met on 8th December 2020, we have seen the following changes within our capital programme:

- The signing of a further 5 agreements. 1 other has progressed through to the final stages of approval and signature. This leaves £4.55m to be contracted and equates to 8 further contracts. These are in various stages of completion and 7 should be concluded by 31 March 2021. Since April 2020, 22 legal agreements have been signed for projects to commence this year.
- Work to progress a programme of activity around new workspaces - Future Workspace Pilot Programme.
- Progress has been made on issues relating to the Guildford SMC project (see below).
- The team, with our Accountable Body, have continued to develop the approach that we will be taking to the use of freedoms and flexibilities, as requested by government. A verbal update will be given at the meeting.

2. Available funding and opportunities to support new projects

2.1. The amount of available funding to support new projects remains at £600k, as reported at the December PMG, see below in Table 1.

Table 1: Funding position to March 2022 (as at 2 Feb 2021)

| | Amount (£m) |
|--|-------------|
| Available funding to March 2022 | 76.5 |
| Contractual commitments | 70.5 |
| Approved projects still subject to contract | 5.3 |
| Available funding to allocate to new projects | 0.6 |

To date we have received 29 claims totalling £14.5m for Q3. This takes us to a cumulative spend to date of £25m for 2020/21 and £195m (89%) of the total LGF.

2.2. The team regularly monitor the confidence of spend against each project and have been reporting to PMG and the Board throughout the year. This has proved critical in informing our projected year end position. The latest forecasts for expenditure across 2020/21 range between £38.3m and £42.1m. The increase in the high confidence figure is up by £4.8m since the last PMG meeting and the range is now narrowing, as we progress against contracts, refine expectations approaching the year end, and finalise our approach to freedoms and flexibilities.

3. Specific Project Updates

Guildford Sustainable Movement Corridor (SMC)

- 3.1. The SMC project, being led by Guildford Borough Council (GBC), consists of 3 distinct phases. Phases 1 and 2a have already been completed, and Phase 2b is shortly to commence delivery. However, as reported at the December PMG, Phase 3, the signalisation of Tesco Roundabout, has not yet commenced, because it had not received design sign off from Surrey County Council (SCC).
- 3.2. At PMG in December it was agreed that the LEP would continue to fund phases 1, 2a and 2b, but that a final decision about the overall funding package needed to be made following discussions between the two authorities. We are pleased to report that SCC have now agreed to give Technical Approval for Phase 3. This means that GBC are able to deliver the works that the LEP had previously agreed to fund to the existing budget. There is also a firm political commitment by SCC and GBC to work together to deliver the next phase of works at Gill Avenue over the next 18-24 months. The local authorities will look to work with other partners to secure the necessary funding.

Future Workspace Pilot Programme

- 3.3. Since approval for two pilot projects at the December PMG – The Login Cafe (Camberley town centre) and Simple Working (locations to be confirmed) – a further pilot has had Chief Executive approval – Chantry House, Andover.
- 3.4. Support for these projects will consist of a combination of loans and grants. All of the pilots are progressing well and should largely complete this financial year, with all pilots expected to complete by May.

Gigabit EM3 (Getting Building Fund)

- 3.5. This is the remaining project within the Getting Building Fund that has yet to be approved by the Board. Work is progressing to develop the proposed delivery mechanism, detailed costs and funding options, and also detailed route design, to provide the detail required for the business case. The business case will be finalised and ready for a Board decision in April.

4. 2021/22 Capital Programme

- 4.1. Our policy of issuing loans where possible, means we are in a good position to continue funding a number of projects beyond the Local Growth Fund delivery deadline of 31 March 2021. By the end of this financial year, we will have received £18.1m in loan repayments, with a further £4.8m scheduled to be received during 2021/22, totalling £22.9m. This has been almost fully allocated against approved projects to be funded to the end of 2022/23. In 2022/23 and 2023/24 a further £2.4m of loan repayments in each year is anticipated, to be allocated in due course against new projects.

5. Capital Programme Risk Register

- 5.1. The capital programme risk register is maintained to ensure that key risks to the capital programme (delivery, financial and reputational) are captured and monitored. The Resources Finance and Audit Committee (RFAC) review EM3's organisational risk register regularly and at the November meeting reviewed a risk register of projects with a value over £3m. RFAC requested that in future, the capital programme risk register should be monitored by PMG. See Appendix 1 (Confidential) for the current capital programme risk register.
- 5.2. The biggest risk to the capital programme remains the Gigabit EM3 project (Getting Building Fund), since we are not yet at the point where a decision about the project can be made. However as referenced earlier on, there is mitigation in place to address the outstanding issues and uncertainties and we should be in a position to make a decision in April.
- 5.3. We would welcome feedback from PMG on the current version of the programme risk register. Our intention is to develop this so that in future, it will contain programme-level risks as well as project-specific risks.

Stephen Martin and Lee Danson
4 February 2021