

**Enterprise M3 Board Meeting**

**27 May 2021**

**Getting Building Fund Update – Item 12b**

The Enterprise M3 Board is asked to:

**NOTE:** The current progress in delivering the Getting Building Fund programme, including risks and mitigation.

**1. Background**

- 1.1. In September 2020 EM3 received £13.3m as part of the Getting Building Fund (GBF). The first 50% was received in September with the remaining 50% due in May 2021. A requirement of the funding was that 50% should be spent by March 2021 and the remaining 50% between April 2021 and March 2022. The programme was profiled to achieve this.
- 1.2. The GBF programme is comprised of the following projects
  - Digital Skills £2.1m
  - Gigabit EM3: Town and Rural £4.5m
  - Creative Tech Growth Booster £0.9m
  - Park and Ride with EV Charge (Vaultex) £5.6m
  - Clean Growth Pilot Programme £0.2m

**2. Progress update**

- 2.1. By March 2021, all projects except for Gigabit EM3 were contractually committed. This was an excellent position, given that funding was only confirmed in September of last year.
- 2.2. In respect of delivery, good progress has been made by some projects. The Digital Skills project has largely completed. This project has already delivered substantial benefits to learners at the six colleges in the consortium, ensuring continuous learning throughout the recent lockdown thanks to new digital kit and modernised learning environments.
- 2.3. The Clean Growth pilots have seen the majority of work delivered in the first year of the programme. (One Clean Growth pilot was removed from the programme because of a lack of availability of match funding.)
- 2.4. For a project-by-project update see the table in the Appendix.

**3. Year end status update**

- 3.1. At the time of the Annual Performance Review (APR) process in February we were forecasting a very good position and were able to report that we were projecting to spend £6.4m by the end of March, against the year one target of £6.65m. This minor underspend was deemed acceptable by Government.

3.2. However, during March, Park and Ride with EV Charge (Vaultex), the largest value project in the programme, reported a significant delay to delivery (see below) This resulted in a year-end expenditure position of £3.6m<sup>1</sup>, well short of the £6.65m target.

#### **4. Risks and mitigation**

##### Gigabit EM3

4.1. The biggest risk within the GBF programme remains the Gigabit EM3 project, since we are not yet at the point where a decision about the project can be made. There is mitigation in place to address the outstanding issues and uncertainties and we should be in a position to make a decision in July.

##### Park and Ride EV Charge (Vaultex)

4.2. A major issue arose at the end of the last financial year, relating to Vaultex. During March it became apparent that Vaultex would not be able to achieve the expenditure that had been projected for 2021-22. This was due to a major planning decision being delayed to April, with the project being unable to incur significant expenditure ahead of that decision. The timing of this change so late in the financial year had a major impact on our year-end GBF expenditure, as set out in 3.2 above.

4.3. Since Winchester City Council (WCC) notified us of the delay, we have been liaising with them closely to address the issue. The project has now received planning approval and the project timeline has been revised. We have agreed that we will meet monthly with WCC over the course of the project, in order to monitor progress closely and mitigate the risk of further delays.

##### Mitigation

4.4. The EM3 team has been in regular contact with the Cities and Local Growth Unit (CLGU), to consider how to respond to both the Gigabit EM3 and Vaultex risks. In order to address both, and de-risk the GBF programme as a whole, we have proposed to CLGU that we would move a number of projects that we are currently committed to funding from loan repayments into the GBF programme. This would provide us with some flexibility, in respect of the requirement to spend our £13.3 million GBF allocation by the end of 2021-22. It would also ensure that we deliver significant progress against our spend profile and outputs by Q2, which informs the Annual Performance Review. CLGU are currently considering this change request.

**Stephen Martin**  
**20 May 2021**

---

<sup>1</sup> We expect that the year-end expenditure position will increase to £4.0m, if the change request referred to in paragraph 4.4 is approved.

## Appendix – GBF Projects Status Update

Project & description	Status	Update
<p><b><u>Digital Skills</u></b>: delivered by the consortium to advance the Digital Estate of six Further Education Colleges, in direct response to Covid, to enable learners to continue courses online</p>	Contracted	<p>This project is 95% delivered and benefits achieved so far include:</p> <ul style="list-style-type: none"> <li>• Provided Higher Level Learners with the confidence to commence the academic year knowing that the delivery of their course was guaranteed. The college funded cameras to be installed in classrooms prior to second lockdown. This guaranteed that every lesson would be delivered and accessible throughout the full academic year regardless of whether future periods of lockdown were called. The cameras and integrated software allow learners to feel like they are in the classroom.</li> <li>• Funded laptops for students in digital poverty with no remote access to allow us to ensure that some of the most vulnerable learners were not lost to education due to lockdown.</li> <li>• Funded additional computers to allow us to keep learners in their bubbles from Sept 2020</li> <li>• Enabled remote access for self-isolating students so they don't miss out on learning</li> <li>• Providing new devices for teachers to use to deliver remote lessons and develop learning material so that every student and staff member has been able to gain remote access throughout the lockdown</li> </ul>
<p><b><u>Gigabit EM3: Town and Rural</u></b>: major project to deploy gigabit-capable fibre along an initial route between Guildford and Basingstoke</p>	Not approved	Update to be provided at Board meeting.
<p><b><u>Creative Tech Growth Booster</u></b>: Covid-19 has had a huge impact on the creative sector and the Creative Tech Growth Booster project at Royal Holloway seeks to drive innovation, diversification and productivity through research and development within creative tech businesses</p>	Contracted	This project has already reported outputs of creating 18 jobs, and supporting 20 businesses.
<p><b><u>Park and Ride with EV Charge (Vaultex)</u></b>: based outside of Winchester, will provide 300 park and ride spaces with electric vehicle charging points, powered by renewable solar energy</p>	Contracted	See paragraph 4.2 above.

<b>Clean Growth Pilot projects:</b>		
<b>PowerQuad Battery Storage:</b> smart heating project which aims to decarbonise buildings through more efficient use of energy	Spend complete	<p>This project is progressing well. All units completed by end of March other than the batteries which will be incorporated once they arrive from China. They are drafting the agreement with businesses to trial the units.</p> <p>Software development with Lumico Digital is now complete. Requirement gathering and specification is completed. Carbon prediction element, and UX design has begun.</p> <p>They are also working with the EM3 funded University of Surrey 5G Phase 3 project which is bringing 5G capacity to BASE Bordon Innovation Centre. It is planned that the PowerQuad battery technology will power this system. These projects are not co-dependent but a great example of complementary activity brought about through EM3 funding.</p> <p>They intend to have the Open Day to showcase this project in July, unless the batteries are received quicker than expected.</p>
<b>ClearBlue:</b> smart heating project which aims to decarbonise buildings through more efficient use of energy		<p>The project is progressing well with the testing of the hardware and software advanced. The project has attracted a lot of interest and it has a pipeline of 126 properties identified (target is 20).</p> <p>Installation in these 20 properties due Q1 2021/22.</p> <p>There is an opportunity to integrate HEVPP functionality with a new offshore windfarm (Beatrice) being pursued with partners in Scotland.</p> <p>Additionally, there is an opportunity to deliver installations into more homes. Discussions have started with a home developer, and integration requirements are in exploration stage.</p>
<b>Spelthorne – White House Solar:</b> Installation of solar PV on public buildings	Spend complete and project complete	This installation is complete. A 25.84kWp array was installed and the project is complete. The applicant will now be monitoring the carbon reductions achieved.
<b>Winchester City Council:</b> Installation of solar PV on public buildings (BIFFA depot)	Contracted	This project is due on site imminently. They aim to complete by June 2020.
<b>Winchester City Council:</b> Installation of solar PV at Marwell Zoo	Contracted	The tender prices returned were significantly higher than expected. The applicant decided to reduce the scope of the project and deliver the solar elements but not the air source heat pump. This has reduced the grant required and the outputs. We are currently going through a project change for this but they are currently tendering and plan to complete by June 2020.
<b>Waverley Borough Council:</b> Installation of solar PV on public buildings	Project withdrawn	The applicant lost their match funding and despite exploring different options we took the decision via Chief Executive delegated authority to withdraw this funding as they could not meet the PMG requirements. However, they are still keen to engage should further funding become available.