

**Enterprise M3 Board Meeting**

**17 March 2022**

**Enterprise M3 Capital Programme Update – Item 5**

The Enterprise M3 Programme Management Group is asked to:

**NOTE:** The current progress in delivering Enterprise M3’s capital programme, which includes the Getting Building Fund (GBF).

**NOTE:** That the level of available funding that is unallocated is £5.5m.

**NOTE:** The capital programme risk register – see Appendix 3 (confidential).

**1. Background - Capital Programme**

- 1.1. The Capital Programme for 2021-22 comprises two separately funded programmes:
  - projects funded by loan repayments<sup>1</sup>, called the EM3 Capital Programme (EM3CP)
  - the Getting Building Fund (GBF) programme
- 1.2. See **Appendix 1** for the list of projects that make up the Capital Programme for 2021-22 (including the GBF). The table shows all projects claiming funds this year, total cost of project, spend this year, whether it forms part of the GBF programme, completion due date and overall RAG status.
- 1.3. Since the last report to PMG, we have had our Annual Performance Review (APR) with Government. The 5G Living Lab is in the final stages of being contracted; having received all EM3 approvals, the contract is currently with HCC Legal.

**2. Annual Performance Review**

- 2.1. Our 21/22 Annual Performance Review (APR) with Government was conducted on the 9th February. The APR is using a similar binary scoring system to last year i.e. either “met” or “concerns identified”. We provided Government with an update on GBF expenditure, and we expect that we will be found to have “met” all criteria when the outcome of the APR is confirmed in early April. Positive comments from Government reflected a superb team effort in maintaining EM3’s excellent performance during an uncertain period.

**3. Getting Building Fund (GBF) programme update**

- 3.1. The programme continues to progress well, with £11.3m claimed to date and all remaining GBF spend forecast to complete this financial year. One project will continue, as agreed, to spend into next year, funded out of loan repayments – Basing View Living Lab.
- 3.2. The contracting of Basing View Living Lab takes the contractually committed total value of projects in the GBF portfolio to £15m. This is funded through £13.3m of GBF, with the remainder from loan repayments.

---

<sup>1</sup> Due to the way that the LEP has historically managed the funding received through a combination of grants, loans, and a mix of both, we have overallocated the LGF programme utilising loan repayments, enabling us to support an increased overall programme of investment. Our ability to use loan repayments flexibly has also enabled us to support some LGF projects that experienced delays, enabling them to complete into this year.

#### 4. Delivery Plan Capital Programme Outputs for 2021-22

4.1. Our performance on outputs for quarters 1-3 is set out below in Table 1, which shows targets for 2021-22 and combined actuals for the first, second and third quarter.

**Table 1: Delivery Plan output targets and actuals**

Output	2021-22	
	Delivery Plan Target	Total to end Q3
Jobs created	642	512
New homes	700	349
New employment floorspace	6,770	9,520
Apprenticeships	400	786
Learners supported	3,000	8,944
Create/refurb. learning floorspace	4,000	4,569
Buildings retrofitted	24	24
CO2 savings (kg)	503,180	72,072

4.2. As in previous years, Q3 output reporting reflected a lull after Christmas and New Year. However, we expect to reach or exceed all targets by Q4, with the exception of the CO2 savings output.

4.3. CO2 savings continue to appear low as a quarter of this is attached to the Vaultex project, which is not due to complete until Q4. Also a large proportion of the target was attributed to the Gigabit project which, while still delivering these outputs, will not do so by March 2022.

#### 5. Capital funding: amounts allocated and available to support new projects in future

5.1. Table 2 shows our capital funding position at 8 March 2022.

Table 2: TOTAL EM3 Capital Funds	EM3 Repayments Capital Fund	Getting Building Fund	Total at 8 March 2022
	(A)	(B)	(C)
	£m	£m	£m
Brought forward at 1 April 2021 (D)	22.5	2.7	25.2
Expected receipts in year in 2021-22			
Loan repayments due in (E)	5.4	-	5.4
Government grants (F)	-	6.7	6.7
Other repayments (G)	0.6		0.6
<b>Total Capital Funding (H)</b>	<b>28.5</b>	<b>9.4</b>	<b>37.9</b>
<b>Of which allocated:</b>			
Contracted approved projects (I)	(16.5)	(9.4)	(25.9)
Approved projects subject to contract (J)	(6.5)	(0.0)	(6.5)
<b>Total Allocated/Approved projects (K)</b>	<b>(23.0)</b>	<b>(9.4)</b>	<b>(32.4)</b>
<b>Available funding to allocate to new projects (L)</b>	<b>5.5</b>	<b>0.0</b>	<b>5.5</b>

5.2. The table shows that we had £25.2m capital available at the start of the year (Column C, row D). We now expect to receive £12.1m during the year to 31 March 2022, comprising £5.4m from loan repayments (Column C, row E), and £6.7m of our remaining Getting Building Fund (Column C, row F). In addition we received a refund of £0.6m for unspent funding on the

Thornycroft project (Column C, row G). This means that by 31 March 2022 we have £37.9m (Column C, row H) available for our capital programme.

- 5.3. From this total of £37.9m, PMG and Board have already approved allocation of £32.4m (Column C, row K). This takes into account the amounts returned to our capital pot, from projects which have underspent, been scaled down, or are no longer proceeding – including most recently £0.3m from the SimpleWorking project.
- 5.4. Of the £32.4m allocation, £25.9m has been contracted (Column C, row I), and £6.5m (two contracts) has not (Column C, row J). This comprises £4.5m which has been set aside for the Gigabit EM3 project; and £1.96m for the Living Lab project which is in the final stages of contracting. This means we now have £5.5m remaining to be allocated against future projects (Column C, row L).
- 5.5. Our policy of issuing loans where possible, means we are in a good position to continue funding projects into the future. Appendix 2 shows our current forecast over 10 years of loan repayments, together with repayments from Enterprise Zone loans and grants. It also shows how much of this funding has already been allocated to projects, and therefore how much we expect to be available in future years.
- 5.6. We have taken a prudent approach to risks attached to future loan repayments; estimates are based on a risk analysis of current agreements in place. Additionally, £11.2m has been awarded to projects within our Enterprise Zone as repayable grants to be repaid through Business Rates Income Growth. This funding is based on our most recent discussions with business partners but is dependent on economic recovery.

## **6. Future Capital Funding**

- 6.1. The team continue to engage with partners via various groups to test our thinking about the potential approach to the allocation of our future capital funding, including where the LEP would add most value through the use of its capital funds.

## **7. Capital Programme Risk Register**

- 7.1. 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 also a risk register of all capital projects with a value over £3m.
- 7.2. Currently there are no risks that are assessed as red or amber; 7 are green. This is as expected toward the end of the programme. The main points to note are as follows:
  - The Vaultex project risk has changed to green, with the news that the project is largely complete and due to make its final claim for the small amount of remaining funding in Q4.
- 7.3. See the separate **Appendix 3** (confidential) for the current risk register.

Lee Danson  
Head of Planning, Programme and Performance  
10 March 2022

## Appendix 1 – Projects within the 2021/22 capital programme

The following table shows all projects that will be submitting claims this year.

### GBF projects, including projects which we have requested to move into the GBF

Projects	Project summary	Theme	Grant or loan	Total LEP funding	2021-22 spend	GBF (Y) /not GBF (N)	Completion due by
Gigabit EM3 Towns & Rural	Installation of gigabit-capable fibre along an initial route between Guildford and Basingstoke to enable a step change in the region's digital connectivity, making it one of the UK's leading "Gigabit powered" areas.	Digital Infrastructure	Grant	4.5	4.5	Y	TBC
Creative Tech Growth Booster	Research and development support for businesses in immersive and creative technologies, creating new jobs and enabling a fast bounce back to growth. Investment in cutting edge equipment in immersive technology, enabling access for innovation-led SMEs to state of the art, but expensive technology, based at the Centre for Digital Creativity at Royal Holloway, University of London, and led by the StoryFutures team.	Innovation	Grant	0.9	0.44	Y	Q2 21/22
Vaultex Park, Ride & EV Charge	Introduction of a new "Park, Ride and EV Charge" facility. The site will combine at least 300 park and ride spaces with electric vehicle charging points, powered by renewable solar energy. The scheme will help attract additional tourists and consumers into Winchester City Centre and reduce city centre traffic, freeing up more space to encourage walking and cycling. The investment includes additional battery storage, which will support the electricity grid by providing balancing services, and preserve the green energy generated on site to meet all day demand.	Transport	Grant	5.6	5	Y	Q4 21/22
Future Towns Mobility Demonstrator	Pilot project in Basingstoke town centre to stimulate a clean, low carbon economic recovery using rapid road space reallocation, implementation of a micro-mobility pilot and development of a Smart Shopper app. The project will enable consumers to avoid queues, access lower carbon transport and raise customer confidence.	Innovation	Grant	0.96	0.59	Y	Q4 21/22
Basing View 5G Living Lab	Create and enable the right conditions and environment for the establishment of a 5G commercialisation cluster in the Basing View Enterprise Zone. The project will lead to business and sector growth, foster technological innovation, attract inward investment and generate new jobs and additional GVA.	Innovation	Grant	1.96	1.96	Y	Q4 21/22

Blackwater Valley Gold Grid - Hampshire Public Transport Corridor	Improve public transport provision in the Blackwater Valley area and enhance connectivity to key step-up and growth towns within Hampshire. The project aims to increase patronage by improving bus reliability and journey time and offer better passenger waiting facilities and greater access to information.	Transport	Grant	1.28	1.28	Y	Q4 21/22
Workspace pilot – Chantry House, Andover	Refurbish part of Chantry House, Andover as part of the Future Workspace Programme. This will enable the conversion of the fourth and fifth floors of the building to create a flexible workspace within the building as well as improvements to the entrance to ensure better Covid secure access by occupiers. The new workspace will be operated and managed by the IncuHive Group Limited, a well-known managed office and co-working provider in Hampshire.	Future Working	Grant	0.24	0.24	Y	Q2 21/22
Electric Vehicle On-Street Charge Point Installation Pilot	A pilot to install 80 7-22 kWh fast chargers at on street locations in Woking, Staines, Guildford and Farnham. The charge points will primarily serve residential streets with limited off-street parking, and busy town centre streets. As part of the pilot, Surrey County Council will be working with Enterprise to develop a phone application that will complement the objectives of the pilot as well as promote active and sustainable travel in the County. The app will work primarily as a journey planner but will have the ability to book bus and train tickets, car club cars, electric bikes and collect payment from customers using the new EV charge points.	Transport	Grant	0.47	0.47	Y	Q3 21/22
Fleet Pond Green Corridor	A set of measures to provide environmental improvements around Fleet Pond whilst delivering sustainable transport solutions. The project would provide a regenerated sustainable green corridor directly linking employment sites with a new residential development and Fleet Rail station. The scheme would realise unmet potential of cycling and help reduce road congestion created by short distance work trips. The scheme would also maximise the benefits of the complementary investment by South Western Rail in cycling infrastructure at Fleet Station and previous LEP investment in sustainable access to Fleet Station.	Transport	Grant	1.4	1.4	Y	Q4 21/22
Workspace pilot – Login Business Lounge, Camberley - GRANT&LOAN	The first phase of the refurbishment of a town centre property in Camberley, Surrey, which will create a new centre on the high street as part of the Future Workspace Programme. This will enable the initial conversion of the ground floor and part of the first floor of the building to create a community IT space and flexible co-working space within the building. The new workspace will be operated and managed by Project 5, a local IT services business.	Future Working	Grant & Loan	0.2	0.2	Y	Q1 21/22
Workspace pilot – Simpleworking Ltd - LOAN	To create new flexible office workspaces in up to 6 local towns, with the twin aims of supporting local workspace needs of commuters and city centre workers working remotely, and utilise empty retail spaces on town high streets to support town centre regeneration and reinvigoration.	Future Working	Loan	0.3	No longer proceeding		

### EM3 Capital Programme projects still receiving funding in 2021/22

Projects	Project summary	Theme	Grant or loan	Total LEP funding	2021-22 spend	GBF (Y) / part GBF (P) / not GBF (N)	Completion due by
Brooklands College Weybridge Development - LOAN	To support the development of its Weybridge campus. This will involve disposing of surplus land and buildings to generate income to secure the financial future of vocational and technical education and training on the campus and fund the resizing and refurbishment of the facilities to create a College of The Future.	Skills	Loan	0.5	0.5	N	Q1 21/22
Aldershot Regeneration Union Street East	The LGF funding is part of a much larger scheme of an estimated project cost of c.£49.7m million to regenerate Union Street East, Aldershot. The EM3 funding will be used alongside Homes England HIF Marginal Viability Funding towards on-site remediation works and demolition.	Housing	Grant	1.2	0.38	N	Q1 21/22
Farnborough Growth Package (A325)	Deliver capacity improvements at a number of congestion bottlenecks on key transport corridors that link Farnborough town centre and business/retail parks with the wider strategic network (including the M3 via Junction 4 and A331 via Bradfords roundabout/ Lynchford Road). The package will deliver transport infrastructure capacity on the A325, A327 and A3011 corridors which together form the primary access routes to the main employment areas in the town.	Transport	Grant	6.7	2.45	N	Q1 22/23
Woking STP Phase 1	Set of schemes that aim to deliver enhancements to walking, cycling and bus infrastructure to enable additional journeys by sustainable transport modes in Woking to promote clean growth.	Transport	Grant	3	2.36	N	Q4 21/22
Guildford Sustainable Movement Corridor (West)	Implementation of a transport corridor linking Guildford Station and the town centre to the Surrey Research Park, Royal Surrey County Hospital and University of Surrey campus in Guildford West.	Transport	Grant	3.178	-	N	Q3 21/22
Guildford Town Centre and approaches	Enhance the ability to monitor, inform and control traffic through expanding and upgrading Surrey County Council's network management equipment/intelligent transport systems and capability.	Transport	Grant	0.7	0.53	N	Q2 21/22
Blackwater Valley Hotspots	Provide a quicker and more reliable journey time for vehicles exiting the A31 westbound to join the A331 and for all road users using the A331/A323 interchange.	Transport	Grant	1.97	1.58	N	Q3 21/22

EZ3 Longcross Discovery Building	Development of a three storey building of approx. 13,500sqft to deliver office/co-working space for smaller enterprises, early amenities, café/deli etc. to the Enterprise Zone and residents, and the provision of a quality environment as a focal point for the start of further development on the Enterprise Zone.	Enterprise	Grant	1.9	1.42	N	Q4 21/22
Future Towns Innovation Hub	The Hub will work with businesses, top academics and the towns/small cities of Enterprise M3 to help transform them into connected centres of smart mobility; sustainable, energy efficient housing; and the circular economy where extraction, disposal and waste is replaced with restoration, regeneration and recycling.	Innovation	Grant	2.95	0.58	N	Q1 21/22
Fleet Town Centre Recovery scheme	The Fleet Town Centre Recovery Scheme is a pedestrianisation and cycling scheme, that brings forward the closure of Fleet Road from A323 Reading Road North (Oatsheaf Junction) to Church Road. It also provides enhanced cycle facilities that connects the high street area into the District Councils Green Grid via Fleet rail station, and onwards to Fleet Pond and Hartland Village.	STCF	Grant	0.26	0.025	N	Q1 21/22
North Downs Line	The scheme consisted of necessary interventions at identified level crossings on the North Downs Line to enable the operation of a 3 trains per hour service. GWR had a franchise commitment to operate an additional direct service each hour between Reading and Gatwick Airport. However, GWR had been unable to operate the additional service due to the increased risk at various crossing points generated by the additional service. A more frequent service would bring businesses closer to the global economy, employees closer to their place of work and widen the ability for local businesses to bring in the skills required for a high growth economy.	Transport	Grant	0.895	0.25	N	Q3 21/22

## Appendix 2 - EM3 Future Funding Profile

Future Funding Profile	Reference	TOTAL 10 YEARS	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Brought Forward</b>	<b>Note 1</b>	<b>25.2</b>	<b>25.2</b>	<b>20.6</b>	<b>9.5</b>	<b>12.6</b>	<b>22.3</b>	<b>25.5</b>	<b>25.2</b>	<b>25.2</b>	<b>27.2</b>	<b>27.2</b>
<i>Expected receipts:</i>												
- <i>Loan repayments</i>		19.0	5.4	3.0	3.3	1.6	0.7	0.1	0.0	2.0	0.0	3.0
- <i>Government grants</i>		6.7	6.7									
- <i>Other</i>		0.6	0.6									
- <i>BRIG income</i>		11.1	0.0	0.0	0.0	8.4	2.7	0.0	0.0	0.0	0.0	0.0
<b>TOTAL IN YEAR CAPITAL FUNDING</b>		<b>37.4</b>	<b>12.7</b>	<b>3.0</b>	<b>3.3</b>	<b>10.0</b>	<b>3.4</b>	<b>0.1</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>	<b>3.0</b>
<b>In-year CUMULATIVE AVAILABLE CAPITAL FUNDING</b>			<b>37.9</b>	<b>23.6</b>	<b>12.8</b>	<b>22.5</b>	<b>25.7</b>	<b>25.4</b>	<b>25.2</b>	<b>27.2</b>	<b>27.2</b>	<b>30.2</b>
<b>Of which allocated per year</b>	<b>Note 2</b>	<b>(32.4)</b>	<b>(17.3)</b>	<b>(14.1)</b>	<b>(0.25)</b>	<b>(0.25)</b>	<b>(0.25)</b>	<b>(0.25)</b>				
<b>Year-end UNSPENT CAPITAL carried forward</b>			<b>20.6</b>	<b>9.5</b>	<b>12.5</b>	<b>22.3</b>	<b>25.4</b>	<b>25.2</b>	<b>25.2</b>	<b>27.2</b>	<b>27.2</b>	<b>30.2</b>
<i>Of which, available for new projects</i>			<b>5.5</b>	<b>8.5</b>	<b>11.8</b>	<b>21.8</b>	<b>25.2</b>	<b>25.2</b>	<b>25.2</b>	<b>27.2</b>	<b>27.2</b>	<b>30.2</b>

Notes	Reference Table 2	TOTAL 10 YEARS	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Note 1: Brought Forward</b>		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
EM3 Repayments Capital Fund	Row D Column A	22.5	22.5	20.6	9.5	12.5	22.3	25.4	25.2	25.2	27.2	27.2
Getting Building Fund	Row D Column B	2.7	2.7									
<b>TOTAL</b>	Row D Column C	<b>25.2</b>	<b>25.2</b>	<b>20.6</b>	<b>9.5</b>	<b>12.5</b>	<b>22.3</b>	<b>25.4</b>	<b>25.2</b>	<b>25.2</b>	<b>27.2</b>	<b>27.2</b>
<b>Note 2: Of which allocated</b>												
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
EM3 Repayments Capital Fund	Row K Column A	(23.1)	(8.0)	(14.1)	(0.25)	(0.25)	(0.25)	(0.25)	0.0	0.0	0.0	0.0
Getting Building Fund	Row K Column B	(9.3)	(9.3)									
<b>TOTAL</b>	Row K Column C	<b>(32.4)</b>	<b>(17.3)</b>	<b>(14.1)</b>	<b>(0.25)</b>	<b>(0.25)</b>	<b>(0.25)</b>	<b>(0.25)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>