

Enterprise M3 Board Meeting

7 April 2022

Enterprise M3 Capital Programme Update – Item 9a

The Enterprise M3 Board 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.

1. Background - Capital Programme

1.1. The Capital Programme for 2021-22 comprises two separately funded programmes:

- projects funded by loan repayments¹, called the EM3 Capital Programme
- the Getting Building Fund (GBF) programme

1.2. Since the last report to the Board, we have had our Annual Performance Review (APR) with Government and the 5G Living Lab, the final project to be contracted, has now been finalised.

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 £14.09m claimed to date, against the target of £13.3m. This means that we have over-achieved the total project spend for the programme and therefore will not require the use of freedoms and flexibilities. One project will continue, as agreed, to spend into next year, funded out of loan repayments – Basing View Living Lab.

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.

¹ 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.

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. However, all GBF projects combined are forecasting that by 2025 they will save 2,716,521kg of CO2 emissions.

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

- 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, as at 8 March £25.9m had been contracted (Column C, row I), and £6.5m (two contracts) had 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 was 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 1 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.

Lee Danson
Head of Planning, Programme and Performance
March 2022

Appendix 1 - 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
Brought Forward	Note 1	25.2	25.2	20.6	9.5	12.6	22.3	25.5	25.2	25.2	27.2	27.2
<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
TOTAL IN YEAR CAPITAL FUNDING		37.4	12.7	3.0	3.3	10.0	3.4	0.1	0.0	2.0	0.0	3.0
In-year CUMULATIVE AVAILABLE CAPITAL FUNDING			37.9	23.6	12.8	22.5	25.7	25.4	25.2	27.2	27.2	30.2
Of which allocated per year	Note 2	(32.4)	(17.3)	(14.1)	(0.25)	(0.25)	(0.25)	(0.25)				
Year-end UNSPENT CAPITAL carried forward			20.6	9.5	12.5	22.3	25.4	25.2	25.2	27.2	27.2	30.2
<i>Of which, available for new projects</i>			5.5	8.5	11.8	21.8	25.2	25.2	25.2	27.2	27.2	30.2

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
Note 1: Brought Forward		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
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									
TOTAL	Row D Column C	25.2	25.2	20.6	9.5	12.5	22.3	25.4	25.2	25.2	27.2	27.2
Note 2: Of which allocated												
		£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)									
TOTAL	Row K Column C	(32.4)	(17.3)	(14.1)	(0.25)	(0.25)	(0.25)	(0.25)	0.0	0.0	0.0	0.0