

Enterprise M3 Board Meeting

4 August 2022

Enterprise M3 Capital Programme Update – Item 13

1. Background - Capital Programme

- 1.1. The EM3 Capital Programme is structured from 3 completed government funding programmes:

Table 1: Total funding summary

Growing Enterprise Fund	(GEF)	£20.1 m
Local Growth Fund	(LGF)	£218.8 m
Getting Building Fund	(GBF)	£13.3 m
		£252.2 m

- 1.2. The Government fund element of all projects is spent and complete.
- 1.3. Some projects are still in progress - either spending project match funding or EM3 funding delivered through loan repayments. Most projects are in the monitoring phase which includes monitoring the match funding element and the outputs as they are produced.
- 1.4. EM3 have received £27.8m in loan repayments; affording us the flexibility to continue to support projects with longer timeframes.

Table 2: Total funding including loan repayments

Total funding awarded	£252.2 m
Repayments to date	£27.8 m
Total spent to date	- £259.0 m
Unspent Funding	£21.0 m

Table 3: Unspent funding allocated to projects

Allocated to active projects	- £15.5 m
Brighton Hill Roundabout	£3.3
Farnborough Growth Package	£3.9
Woking STP Phase 1	£1.3
Finance South East	£1.3
North Downs Line	£0.3
Living Lab	£1.0
Gigabit EM3 Towns & Rural (not yet contracted)	£4.5
Unallocated funds at 1 April 2022	£5.4 m

- 1.5. Of the £15.5m projects already allocated to the remaining funding, £11m have been contracted. The Gigabit projects is in the process of being commissioned.
- 1.6. At the start of 2022/23, EM3 have £5.4m of unallocated funding to utilise to support further projects, this is currently being referred to as the EM3 Future Fund.

2. Capital funding: amounts available to support new projects in future

- 2.1. Added to the £5.4m available at the start of this financial year, we expect to receive a further £3m in loan repayments in 2022/23, bringing the total of our Future Fund at the end of the current financial year to £8.4m.
- 2.2. 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 of receipts from loans and Enterprise Zone investments to 2030/31. Taking account of funding which has already been allocated to projects (£17.2m), we expect to have £30.4m available to invest on future projects over this period.
- 2.3. 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, £11.1m 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.

3. EM3 Capital Programme general update

- 3.1. The Gigabit project remains the last project to be contracted. A full update for this project is on the agenda for the Board. There are no major issues or risks identified for the remaining projects that are live (still claiming funds).
- 3.2. The Future Fund was soft launched at the Annual General Meeting and a web page is under development, expected to be complete later this month. The LEP are currently developing several project proposals with partners that will be assessed against the criteria before being developed further into business cases. Any decisions on funding will be taken by the Programme Management Group. It is expected that funding can be allocated to at least one project this year.

4. Capital Programme Outputs forecast for 2022-23

- 4.1. Our performance regarding project outputs is set out in the table below.

Table 4: Delivery Plan output targets and actuals

Output	Recorded to date	Forecast for 2022/23
Jobs created	8,057	1,078
New homes	5,962	726
New employment floorspace	55,461	9454.5
Apprenticeships	3,233	422.5
Learners supported	32,546	3230
Create/refurb. learning floorspace	37,102	428
CO2 savings (kg)	144,624	451,217

- 4.2. It should be noted that forecasts reflect best estimates and are not always achievable due to various external factors. We continue to work closely with projects, monitoring progress to understand the timing and impacts of interventions.

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26 July 2022

Appendix 1 - EM3 Future Funding Profile

Future Funding Profile	TOTAL	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
Brought Forward	22.6	22.6	9.4	12.6	22.3	25.5	25.4	25.4	27.4	27.4
<i>Expected receipts:</i>										
- <i>Loan repayments</i>	<i>13.9</i>	<i>3.0</i>	<i>3.4</i>	<i>1.6</i>	<i>0.7</i>	<i>0.2</i>	<i>0.0</i>	<i>2.0</i>	<i>0.0</i>	<i>3.0</i>
- <i>BRIG income (para 2.3)</i>	<i>11.1</i>	<i>0.0</i>	<i>0.0</i>	<i>8.4</i>	<i>2.7</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
TOTAL IN YEAR CAPITAL FUNDING	25.0	3.0	3.4	10.0	3.4	0.1	0.0	2.0	0.0	3.0
In-year CUMULATIVE AVAILABLE CAPITAL FUNDING		25.6	12.8	22.6	25.7	25.7	25.4	27.4	27.4	30.4
Of which allocated per year (para 2.2)	(17.2)	(16.2)	(0.25)	(0.25)	(0.25)	(0.25)				
Year-end UNSPENT CAPITAL carried forward		9.4	12.6	22.3	25.5	25.4	25.4	27.4	27.4	30.4
Of which, available for new projects (para 2.1/2.2)		8.4	11.8	21.8	25.2	25.4	25.4	27.4	27.4	30.4